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NEWS SUMMARY

GENERAL BUSINESS

Labour facing Brighton storm

Labour Party's annual conference in Brighton looks set to face precisely the kind of internal struggle which Mr. James Callaghan, the party leader, has been trying to avoid since his General Election defeat.

Belgian franc close to low limit

BELGIAN FRANC fell sharply within the European Monetary System on Friday, coming close to its maximum permitted divergence limit against the European Currency Unit.

Lebanon raid

Israeli aircraft raided Lebanese coastal villages south of Beirut. First reports said 48 people were killed and 85 wounded.

Still on fire

The napalm-laden tanker Atlantic Express was still ablaze at sea but the oil slicks left after its collision last week with the tanker Aegean Captain pose no immediate threat to Caribbean beaches, according to coastguard officials.

Pope's visit

The Rev. Ian Paisley, leader of Ulster's Democratic Unionists, said he was launching a campaign to resist any attempt to bring Pope John Paul II to Northern Ireland during his visit to Ireland in September.

Nicaragua toll

About 30,000 Nicaraguans were killed in 52 days of fighting by Sandinista guerrillas, said General Anastasio Somoza, a member of the new Government Junta.

Massacre claim

Vietnamese soldiers massacred 85 refugees from Vietnam—45 of them children—when their boat ran aground on one of the Spratly Islands in the South China Sea, said Philippine military officials.

Royal Oak move

A team of British Sub-Aqua Club and Royal Navy divers is to film the wreck of the 29,000-ton battleship HMS Royal Oak, torpedoed at Scapa Flow 42 years ago with the loss of 833 men.

Easing controls

Proposals for abolishing or easing a wide range of central government controls over local authorities are expected to be announced by the Government this week.

Gift endorsed

Members of the League Against Cruel Sports voted in favour of their executive committee's controversial £30,000 gift to the Labour Party made during the General Election campaign.

Briefly

One man died and six other people were taken to hospital after a fire in an old people's home in Bristol.

Sixteen buses, worth a total of £750,000, were destroyed in a fire at a bus depot in Durham City.

Two men and a woman, convicted of sexual crimes, were executed in Tehran.

Britannia's Barry Sheene scored his fifth successive triumph in the Swedish motor cycle Grand Prix at Karlskoga.

Frenchman Bernard Hinault won the Tour de France cycle race for the second successive year, sprinting to a final stage victory on the Champs Elysees.

Major policy statements on aerospace and shipbuilding are expected in the Commons this afternoon. The Government is likely to follow last week's precedent on British Airways and allow a public equity interest in British Aerospace, but will move more cautiously on British Shipbuilders, where union opposition to such a step has been strong.

British Aerospace shares sale likely

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

A GOVERNMENT statement on the future of the State-owned British Aerospace group is expected to be made in the Commons today.

It will cover the future capital structure and financing of the corporation, formed by the nationalisation of British Aircraft Corporation, Hawker Siddeley Aviation, Hawker, Siddeley Dynamics and Scottish Aviation. It has assets of £2,220m.

The Government's plan is expected to take two main forms:

It is thought likely to offer for sale to the public a substantial minority of the shares, along the same lines as proposed for the State airline, British Airways.

It is also expected to require the group in future to borrow money on the open capital market to help finance its new civil programmes, rather than continue to seek Government cash support.

Military programmes will continue to be Government supported.

The latter decision will mean that British Aerospace in future will operate on the same terms as its major rivals in the U.S., such as Boeing and McDonnell Douglas, who have to borrow money from banks and other institutions to finance new civil programmes where they do not have sufficient resources of their own.

The aim will be to make British Aerospace, while still majority Government-owned, more competitive in the civil field.

Carter defends Cabinet changes

By David Suchan in Washington

PRESIDENT CARTER and his new Chief of Staff, Mr. Hamilton Jordan, launched a public relations campaign at the weekend to counter adverse Press and Congressional reaction to last week's Cabinet shake-up in which five Cabinet Secretaries resigned or were fired.

Mr. Carter admitted the depth of criticism might check briefly the new momentum which followed his energy address a week ago. That speech raised sharply the President's opinion poll standing.

Mr. Carter called selected reporters to his office on Saturday and justified the Cabinet changes as producing a stronger and more loyal administration team, better able to present policies to Congress, which he hoped would pass several new energy measures before it recesses next month.

But Congress—whose timetable will be further limited by the task of confirming new Cabinet appointments—and the Press were still preoccupied with the reshuffle. None disputed the President's right to hire and fire, but many regarded the process as needlessly clumsy and damaging to foreign confidence in Mr. Carter's leadership and thus the U.S. dollar.

Muzorewa's majority threatened

BY TONY HAWKINS IN SALISBURY

BISHOP ABEL MUZOREWA will come under intense pressure in the Zimbabwe-Rhodesia Parliament this week to show that there has really been a change of government since he came to power. Moves already made as the Parliament prepares to open its new session tomorrow suggest that the Bishop's majority could be in danger.

Over the weekend, President Julius Nyerere of Tanzania threatened to withdraw from the Commonwealth if Britain were to recognise Bishop Muzorewa's Government. His remarks were made shortly before the Queen and the Duke of Edinburgh left Tanzania for Malawi.

Mrs. Margaret Thatcher, the Prime Minister, will open the debate on Rhodesia in the House of Commons on Wednesday.

Warning

A warning to Bishop Muzorewa came yesterday when a spokesman for the Zimbabwe African National Union, led by Mr. Ndabaningi Sithole, said his party might take up its 12 Parliamentary seats and form an anti-Muzorewa alliance with Mr. James Chikerema and the seven Zimbabwe Democratic Party (ZDP) MPs. If this were to happen, Bishop Muzorewa would lose his overall majority in Parliament.

Proposed

Elton Goodman adds: In the Commons debate on Wednesday the Government is not expected to go into detail about its promised new proposal for Rhodesia, preferring to keep its hands free for the Commonwealth Conference next week.

But the Opposition may well try to use the debate to explain its policies in more detail. In particular Labour may well spell out the circumstances in which no British Government should consider recognising the new Government in Salisbury.

The Prime Minister is also likely to be strongly criticised from the Opposition benches for her prediction in Australia that the House of Commons would not renew sanctions this autumn.

Mr. James Callaghan, the former Prime Minister, has made it clear that he is concerned about the way Mrs. Thatcher seems to be approaching the Rhodesia situation. He has kept in contact with some African leaders since becoming Leader of the Opposition and may well take Mrs. Thatcher to task during the debate. But Labour may decide against pushing the matter to a vote.

Shipyard closures expected

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

FURTHER yard closures and heavy redundancies in Britain's shipbuilding industry are certain to result from a Government statement on shipbuilding policy, expected today.

The Government, which is under pressure to put up for sale British Shipbuilders' profitable warship yards and one of its repair yards, is likely to stall on the question of denationalisation.

Ministers consider that the early sale of the healthy parts of British Shipbuilders during a period when merchant yards are severely contracting would be too provocative towards the industry's trade unions.

A repetition of the general commitment to offer shipyards back to the private sector is expected, but no specific commitments.

The shipbuilding statement will concentrate on financial matters, proposing reduced subsidies and tapering cash limits.

Mr. Adam Butler, the Industry Minister responsible for shipbuilding, has already cleared the important hurdle of winning European Commission acceptance for the Government's shipbuilding package.

He visited Mr. Raymond Vouel, the EEC competition commissioner, at the end of last week and assured him that the

Warning on borrowing as Cabinet considers cuts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PUBLIC SECTOR borrowing could rise sharply next year unless further fiscal action is taken. This forecast—from the London Business School—comes on the day the Cabinet meets in an attempt to resolve differences between the Treasury and the spending ministers over the level of public expenditure in 1980-81.

Some spending ministers are concerned that after the large cuts announced in the Budget for this year, a further squeeze on the public sector will mean a sharp rise in council house rents, in school meal prices and in other public sector charges as well as a reduction in the standard of services.

Some ministers are also worried about the implications for unemployment of the cuts at a time of world recession.

But the Treasury Ministers apparently have the support of Mrs. Thatcher and the volume of spending looks likely to be held to within £500m—£1bn of this year's expected level.

In its latest Economic Outlook, the Business School forecasts a rise in borrowing from £8.5bn in the current financial year to £10.9bn in 1980-81, mainly as a result of the expected recession in the next 18 months. This is on the assumption that the volume of public spending rises by about 2 per cent next year.

The Business School, however, says the rise should not cause concern since it reflects the operation of built-in stabilisers in the economy and does not represent a deterioration in the underlying position.

This projection is much higher than the estimate commonly assumed to date in the City. It is bound to strengthen the hands of Ministers arguing for a significant reduction in spending below previously planned levels to curb monetary growth and to allow further large tax cuts.

The expenditure argument is essentially about whether the volume of spending next year should be slightly higher or lower than the level expected in 1979-80.

The cut from the level of spending originally planned by the Labour Government, however, might be very large—about 5 per cent of the total or £5.5bn—£4bn.

This is because last January's Labour White Paper proposed a rise in the volume of spending of 2 per cent both this year and in 1980-81. The Budget cuts have meant that spending for the current financial year should be roughly the same in real terms as in 1978-79.

Therefore, in order to keep spending in 1980-81 at around this year's level there would have to be a reduction of 5 per cent in previous plans.

In addition, Mr. John Biffen, the Chief Secretary, asked spending ministers to prepare plans on the basis of a 7½ per cent reduction—equivalent to about 2.2½ per cent of £1.5bn below this year's level.

The hope is still that the Cabinet will agree by the end of this week on the overall totals of spending in 1980-81 with final details to be resolved in the early autumn.

The annual White Paper is likely to be published before the end of this year, rather than in January or February as it has been in the past few years.

Doubt over £50m microchip factory planned for Scotland

BY MAX WILKINSON

PLANS TO build the world's largest microelectronics factory in Scotland have been thrown into doubt by the Government's review of its support policy for the industry.

The proposed £50m factory—planned by National Semiconductor of California, the world's third largest producer of microelectronics circuits—is dependent upon receiving about £7m from the Department of Industry's microelectronics industry support programme, established with £70m by the last Government.

However, Mrs. Margaret Thatcher, the Prime Minister, last week called for a thorough review of the scheme with a view to saving public expenditure.

Before this review, National's plans had been agreed in detail with Department officials and with the Scottish Development Agency. It is understood that Sir Keith Joseph, the Industry Secretary, had also agreed to give the go-ahead.

The Department was anxious to attract National's investment, regarded as being of great strategic importance in the development of Europe's semiconductor industry.

The factory is planned for Greenock where National already operates a smaller semiconductor manufacturing plant. National plans to use the most modern techniques of the metal oxide semiconductor manufacture, probably making high density computer memory components including the 64,000 element random access memory. It will also use silicon wafers of four inches diameter—75 per cent larger than those used in many parts of the industry.

The new plant would be a direct competitor of INMOS, the National Enterprise Board's microcircuit venture funded with £50m. It is building its first production plant in Colorado, U.S., but intends later to build a factory in the UK.

National will also be in competition with a jointly-owned factory which the General Electric Company and Fairchild of California are to build in Lancashire.

National's venture is the seventh major semiconductor operation to be announced in Europe since last summer. The first was the formation of INMOS, followed closely by the GEC-Fairchild venture.

Tactician

Mr. Jordan, at only 34 the key tactician in Mr. Carter's reelection bid, urged the country in a television interview yesterday to pass over the Cabinet shake-up—which he said was of interest only to the Washington Press corps—and on to supporting the Administration's policy initiatives.

Democrats have generally taken more kindly to Mr. Carter's re-ordering of his Cabinet than have Republicans, several of whom suggested the President had taken leave of his senses or that he should renounce a second term.

But Senator Robert Byrd, the Democratic leader in the Senate, warned the President not to isolate himself further with his group of Georgian advisers. Re-election depended on policy successes, not personality changes, he said.

Not all Presidential advisers are confident that Mr. Carter, with new energy policies and a new Cabinet, will enjoy a second political honeymoon with Congress and the public.

Mr. Robert Strauss, the President's Special Trade Representative, who has publicly Continued on Back Page

Continued on Back Page

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OVERSEAS NEWS

Prague, Budapest announce fuel price rises

BY PAUL LENDVAI IN VIENNA

STEEP PRICE increases averaging 50 per cent for petrol, electricity, coal and coke were announced during the weekend by the Czech Government...

fuels and energy would amount to some 3bn crowns (about £156m at the tourist rate of exchange) this year and unless cut would increase 2 1/2 times in the next few years.

had also been subsidised up to now to the tune of Cr 327m. Both fuel and energy prices and postal services would continue to be subsidised but at a less excessive rate, he added.

Meanwhile, to offset some of the effects of the latest measures, pensions and children's allowances have been increased. The salaries of teachers and health personnel will be raised from next September.

The Government has issued a call for stringent economies in energy consumption. It hopes to reduce petrol consumption in the public sector to the 1975 level this year and by a further 20 per cent next year.

Iraq asks oil buyers to pay premium

NEW YORK — New buyers seeking crude oil from Iraq on a term contract basis for 1980 have been asked to pay a price premium equivalent to \$3 a barrel or more, on top of next year's official prices, according to Petroleum Intelligence Weekly.

The proposal has thus far been limited to new customers. It is mentioned specifically in connection with the one-year supply contracts currently available starting on January 1, 1980.

Such new deals would apparently be limited to "ant users" and would involve varying volumes depending on the customer's needs.

Existing clients have apparently not been asked to pay such bonuses though their contracts are unconfirmed. It is retroactively-added premiums have been sought from some.



Charan Singh... insists on Prime Ministership

Chavan fails to form Indian government

By K. K. Sharma in New Delhi

MR. Y. B. CHAVAN, leader of the Opposition in the Indian Parliament, yesterday told the President that his efforts to form an alternative viable Government had not succeeded...

18 die in Israeli air raid on Lebanon

BY IHSAAN HIJAZI IN BEIRUT

EIGHTEEN people were killed and 50 wounded yesterday in Israeli air attacks against coastal villages in Lebanon. It was the worst raid since the Israelis initiated their war against Palestinian guerrillas in the wake of the Israeli-Egyptian peace treaty.

The casualties yesterday raised to over 200 the number of Palestinians and Lebanese killed in Israeli attacks since the treaty was signed. It was also the first strike over Lebanon since the air battle between Syria and Israeli aircraft last month.

Swiss real wages rise by 2.7%

By John Wicks in Zurich

SWISS WAGES increased by some 3.1 per cent during the 15-month period ended last October, according to figures just released by the Government in Bern.

Fraser attacks unions

CANBERRA — Prime Minister Malcolm Fraser said yesterday that Australia's run of industrial disputes was tearing the country apart, and that some union leaders were trying to destroy the basis of Australian democracy.

Over the past two months strikes have disrupted public transport, telephones, coal-mining and the dockers. A backlog of 20m letters has built up during a postal dispute and civil servants are working to rule.

Banda gains a new respectability

BY QUENTIN PEEL IN JOHANNESBURG

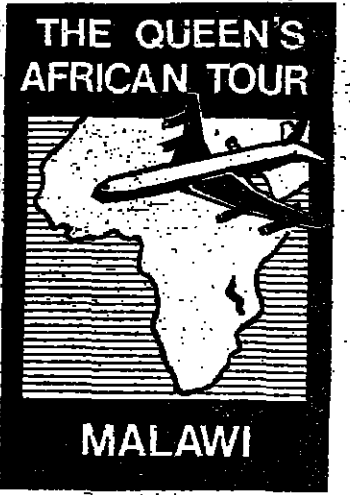
ONE OF the most startling visual impressions of Malawi, the second stop on the Queen's tour of Africa, is of white-painted bungalows lining both sides of every main road, flying the national colours, combined with huge portraits of Dr. Hastings Kamuzu Banda, the head of state.

It is largely the personality of the President, known as Ngwazi (the conqueror) to Malawians and His Excellency to his expatriate advisers, which has prevented more public attention being focused on his country.

South African companies have diverted investment which formerly would have gone to Rhodesia to Malawi. South Africa even provided the first loan of R5m (\$9.5m) for the construction of Malawi's new capital at Lilongwe.

Indeed Malawi is probably the only country, apart from South Africa, to profit from the turmoil in Rhodesia. Apart from attracting investment which might otherwise have gone to its former partner, sanctions imposed on Rhodesian tobacco have provided the Malawian tobacco industry with vital protection.

In spite of Dr. Banda's ruthless political rule, he has offered some changes. His decision in the last 18 months to release almost all of an estimated 2,000 political prisoners and hold elections suggests a greater political confidence.



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BA faces battle to retain Hong Kong route monopoly

By Philip Jennings in Hong Kong

FOUR WEEKS after it has broken out from the London Hong Kong route monopoly, British Airways, British Caledonian, Cathay Pacific, and other airlines are all out in a bid to challenge BA's monopoly. BA will oppose all of them and fight to retain its monopoly.

The route is being broken by British Airways, British Caledonian, Cathay Pacific, and other airlines. BA will oppose all of them and fight to retain its monopoly.

At present, BA flies 10 Boeing 747 flights and one VC10 flight a week on the route. British Caledonian and Cathay have applied for a daily BOAC service and Cathay for a three times a week 747 flight.

French send industry team to Peking

By Coima MacDougal

CHINA and France have had high level discussions on the development of projects in the fields of energy, electronics, telecommunications and metallurgical machinery.

They were held during a visit by a French delegation to Peking last week. The group, led by Industry Minister Andre Girard, representing France's 18 largest companies, included officials in charge of electronics and trade as well as technical and economic advisers.

Among the sectors represented by industrialists were electronics, petrochemicals, machine building, metallurgy, mining and civil engineering.

The French mission had meetings with senior Chinese economic officials including Vice-Premier Wang Zhen, Vice-Premier Gu Min, the Minister in charge of the State Capital Construction Commission, and Qian Min, Minister of the 4th Ministry of Machine Building which deals with the radio and telecommunications industries.

China's economic readjustment policy, in force since early this year, has meant the reduction or postponement of purchases of capital plant from the West.

Peking has reportedly decided to build hydro-electric or coal-fired power plant instead of nuclear because the capital outlay is less. Although Peking has reactivated the contracts it had previously frozen with Japan, there is no sign yet that it is about to pursue contracts that it was negotiating earlier with the European countries.

Turkey opens up to foreign capital

By METIN MUNIR IN ANKARA

UNDER STRONG pressure to increase exports and boost the near-empty coffers of the Central Bank, the Turkish Government has digressed from the country's traditionally unfriendly attitude towards foreign capital and has begun to encourage a new type of joint venture.

Turkish companies are being urged to enter into partnership with foreign trading companies to benefit from their expertise in marketing in order to increase Turkish exports, and encouragement is also being given to Turkish concerns to open trading offices abroad.

Prime Minister Bulent Ecevit's Government is seen to be attaching importance to these new ventures, and the Ministry of Finance is even going to the extent of making foreign currency allocations to them. Three examples have recently come to light, and more are understood to be under preparation.

Although not yet receiving an official go-ahead, the most ambitious and biggest of these joint ventures has been under taken by the large Sabanci group of industries in Istanbul.

Sabancı has just reached agreement with A. J. Hollander of New York for a joint trading venture. Two companies will be established - Holsa in Istanbul and Holsa in New York, with Sabanci and Hollander controlling 51 per cent of the equity respectively.

Sabancı ranks 80th in the Fortune Magazine's list of the biggest companies outside the U.S. It declared a record consolidated turnover of \$2.1bn (£860m) in 1978.

The group, which is run by the six Sabanci Brothers, has its main interests in banking, insurance, textiles, natural, artificial and synthetic fibres and yarns. Manufacturing also includes plastic products, cord fabric and tyres and agricultural products.

Sabancı's exports last year totalled \$3.5m just under 1.5 per cent of total turnover.

Mr. Ahmet Tuhan Gul, a senior Sabanci executive, said in an interview that exports at the end of the second year of the Holsa operation would be \$100m. The Istanbul-based Holsa would export business, giving priority to Sabanci products.

In general, Turkish manufacturers have no tradition of exporting because the large size of the domestic market and huge profit margins have orientated sales to the home market. Around 60 per cent of exports are made up by traditional agricultural crops like cotton, tobacco, hazelnuts and sultanas.

But the recession, now in its third year, seems to have started bringing about a change of mentality, both in the Government and in private enterprise.

The recession resulted in a drop in imports of raw materials and capital goods. Factories started working at low capacity, and the availability of foreign exchange for new investments took a nose dive.

To encourage exports, the Government passed a decree allowing manufacturers to use up to 50 per cent of the export proceeds to finance imports—an attractive proposal for manufacturers who either had to go without imports or, more common, import through the expensive and illegal channel of double financing.

Durusel Carpet Manufacture and Trading Company of Istanbul has just received a Government authorisation to set up a joint trading company in Switzerland. The Finance Ministry helped assist the transfer of SwFr 50,000 as initial capital. Ninety per cent of the equity will be held by Durusel, which is currently looking for a suitable Swiss partner.

The case of the Istanbul-based Borusan, a pipes manufacturing company, is slightly different. Borusan has been authorised to take DM 400,000 to establish an company in Dusseldorf, West Germany. However, the money will come from export proceeds of the company itself. Also different from Durusel, Borusan appears to have been given freedom in equity ratio.

It is likely that the examples of such joint ventures will multiply in the months ahead. "We are prepared to give our favourable consideration to any trading venture with foreigners and will be flexible," said a senior Finance Ministry official. "We will do everything possible to boost exports."

Many Turkish companies realise that they must export if the country is not to relapse into a prolonged recession, even if profit margins in exports are lower. Moreover, they appear to feel that the Government will force them to export, whether they like it or not. However, most lack marketing expertise, personnel and organisation which they often have to seek out in foreign partners.

Foreign bankers in Istanbul see the new joint ventures as a providential departure. "With their backs to the wall," said one, "the Turks have started doing what they should have done years ago."

Philippine tariffs cut

By OUR OWN CORRESPONDENT

PRESIDENT Ferdinand Marcos has approved changes in the tariff code in order to reduce duties on certain imports and complete duty-exemption for certain other imports.

They are intended, according to Mr. Marcos, to ensure steady supply at reasonable prices of the imported items. The assurance is that the position of local producers "will not be adversely affected."

The Philippines previously had been reluctant to make changes in the tariff code pending results of a number of bilateral and multilateral negotiations with trading partners.

Sweden in oil pact with Nigeria

By William Dullforce in Stockholm

SVENSKA PETROLEUM, the Swedish state oil company, will get 1m tons of crude oil a year from Nigeria over the next two years under an agreement with the National Nigerian Petroleum Company. This will cover some 3 per cent of Sweden's oil import requirements.

Mr. Sture Agvald, SP's Managing Director would not disclose the price, but it is assumed in oil quarters here to be close to the new OPEC top price of \$23.50 a barrel. SP also has not indicated where it will have the crude oil refined.

Last month SP bought 22 per cent of British Petroleum's 5m-ton refinery at Gothenburg and 20 per cent of its distribution network. That deal involved guaranteed BP crude deliveries of between 500,000 and 1m tons a year over a 10-year period.

Mr. Hadar Cars, the Trade Minister, said the Nigerian contract would make a considerable contribution to the country's oil supplies. It is the largest single deal so far made under the Liberal minority Government's drive to secure direct contracts with oil-producing countries.

SHIPPING REPORT

High rates bring tankers into use

By OUR SHIPPING CORRESPONDENT

TANKER RATES in the Gulf slipped back last week, but not as far as most shipbrokers had expected.

A decline was inevitable from the six-year high of worldwide 100 for a very large crude carrier recorded 10 days ago, but the going rate settled last week at around W\$80 for this type of vessel.

Some charters clearly expect this still fairly high level of freight rates to continue. Amoco, for example, has taken a 240,000 dwt vessel to load at the end of August for W\$72.

Not surprisingly, this improvement in rates has brought more idle ships out of lay-up berths, and brokers estimate that there are now only between 90 and 100 tankers out of use, aggregating 14m to 16m dwt. A year ago, the figure was 47m dwt.

Broker E. A. Gibson points out, however, that this increase

in operational ships has occurred without any significant rise in the amount of oil available for shipment. One result is that a large number of ships are accepting part cargoes, which Gibson regards as "a very uneconomical transport pattern."

Another encouraging sign for the bulk shipping industry is the fact that in spite of such attractive oil freight rates, combined oil and dry bulk carriers are not swarming to the oil loading ports.

Broker John I. Jacobs puts the current figure of combined carriers trading in oil at 41.4 per cent of the total.

This is in spite of the fact that dry cargo rates in the Atlantic have started on a seasonal decline, related to the closure of steel mills in Europe for the holiday period.

Freight rates in the grain trades were also slightly lower last week, but brokers are optimistic that the big gains made in the early part of this year will not be wholly eroded by seasonal factors.

Fay Gjester reports from Oslo: Wilhelmssen Offshore Services, a Norwegian shipping company specialising in offshore activities has secured a charter from Superpesa, Brazilian construction concern, for one of its ships for service offshore Brazil.

The deal is partly the fruit of a sustained Norwegian Government drive to promote the export of Norway's offshore know-how to areas outside the North Sea.

The vessel concerned, the Tender Contest, has been chartered by Superpesa initially for one year, with options for two additional years, and Wilhelmssen's offshore services is now opening an office in Rio de Janeiro.

Change sought on Greek crews

By Our Athens Correspondent

GREEK SHIPOWNERS are seeking to change an 1835 law which allows them to sign on foreigners on Greek-flag ships only up to 25 per cent of the complement.

They also want to be allowed to sign more agreements with foreign seamen's associations so that they can employ seasoned seamen to replace the present contingent of mostly untrained foreign crewmen. Both moves are opposed by the Greek seamen's association.

According to Mr. Anthony Chandris, President of the Union of Greek Shipowners, an acute shortage of Greek crews is forcing owners to violate the law.

Official statistics show that 30.9 per cent of crews on board Greek-flag ships are foreign. Mr. Chandris says the truth is that foreigners already make up 50 per cent of the lower crews.

World Economic Indicators

		TRADE STATISTICS			
		June 78	May 78	April 78	June 78
France	Exports	24,866	25,202	23,800	28,925
	Imports	25,987	26,425	23,300	28,466
	Balance	-1,121	-1,223	-9,500	-9,541
UK	Exports	2,375	2,115	2,287	2,877
	Imports	2,459	2,522	2,124	2,895
	Balance	-884	-407	1,163	-18
US	Exports	12,822	12,883	14,465	17,584
	Imports	17,350	17,053	16,228	15,992
	Balance	-4,488	-4,170	-1,763	-1,408
Germany	Exports	24.9	25.9	28.0	22.4
	Imports	24.9	22.6	24.5	19.4
	Balance	+2.0	+3.3	+3.5	+3.0
Japan	Exports	2,130	2,810	2,287	2,863
	Imports	2,860	2,390	2,726	2,326
	Balance	-730	+420	-439	+537
Holland	Exports	16,040	11,212	9,261	9,960
	Imports	10,307	11,324	9,518	9,423
	Balance	-5,267	-1,112	-2,257	+537
Italy	Exports	4,371	4,648	4,756	4,915
	Imports	4,306	5,386	4,454	4,411
	Balance	+65	-1,738	+302	+504
Belgium	Exports	2,427.5	128.377	117,881	125,521
	Imports	2,427.5	128.140	114,448	120,051
	Balance	0	2.237	3,433	5,470

Skelmersdale gives Europe a boost

Turbochargers are now fitted as standard to 8 production cars and many commercial vehicles and tractor units. They reduce smoke, boost usable power and cut fuel consumption relative to performance.

Garrett AiResearch, the world's leading manufacturer of turbochargers, is a very go-ahead American-based company which chose Skelmersdale to ensure optimum boost to its performance in Europe. It is already planning a second major expansion since it came to the town nine years ago.

Garrett found Skelmersdale an ideal environment for fast growth. And Skelmersdale, with its rolling countryside and landscaped industrial parks, found a partner of like mind.

If you would like to improve your performance, move fast and call Skelmersdale today.




Grow with

Skelmersdale

Skelmersdale Development Corporation
Pennylands, Skelmersdale,
Lancashire WN6 8AR, England.
Telephone: Skelmersdale 24242
STD Code [0695] Telex: 628259

UK NEWS - LABOUR

ITV faces stoppage over wage claim

COMMERCIAL television companies face disruption to programmes over a wage claim by industrial union of broadcast staff over a wage claim.

ITV executives said at the weekend they hoped to keep a makeshift schedule of programmes, but this depended on the cooperation of other broadcast unions.

The National Association of Television, Theatrical and Kine Employees is organising a work to rule of its ITV members today, which could disrupt programmes throughout the week and hamper future productions.

A meeting of shop stewards of the Association of Cinematograph, Television and Allied Technicians is also being held today. All three unions have selected a 4.9 per cent pay offer. It is understood the unions want rises of about 20 per cent.

Normal work is expected to resume on Tuesday but fresh pay talks will be held on Friday. Mr. Ronald Carrington, ITCA's labour relations adviser has warned staff that anyone not resuming normal work on Tuesday will be suspended.

Chemical industry unions may leave joint groups

CHEMICAL INDUSTRY unions will consider this week a move to withdraw from the sector's working parties, and they want the Government to clarify its views on planning for the industry.

The Chemical Unions Council is to meet on Tuesday. On the agenda is a reference from the General and Municipal Workers' Union to reconsider the basis of continued talks with Government departments on the development of the industrial sector.

Mr. David Wharburton, the G.M.W.U. national industrial officer and secretary of the council, said the unions would be asked to consider the issue of extending dialogues with the Government when it was determined to reverse all the efforts of the last five years.

The Chemical Unions Council also involves the Transport and General Workers' Union, the Union of Shop, Distributive and Allied Workers and the Association of Scientific, Technical and Managerial Staffs.

The council is also to be asked to endorse total opposition to any move by the Government to sell off part of C.E.P. The next meeting of the Chemicals Economic Development Committee, which involves the unions, companies and the Government, is scheduled for August 1.

Teachers asking TUC to fight spending cuts

THE NATIONAL Union of Teachers is to ask the TUC to start a campaign against spending cuts in education which it calls a "series of body blows to basic education."

The union has drawn up lists of cuts local authorities propose to make on educational spending in the current financial year.

Mr. Fred Jarvis, general secretary of the NUT, said the cuts would "undermine and weaken the education service."

"If these early cuts go ahead, authorities will really store up trouble for themselves. The information on the cuts is a blueprint for lowering standards in education," he said.

The NUT plans to send out leaflets to parents and produce campaign material against the cuts during the school holidays. Union members have already been told they will get speedy sanction for refusing to cover unfilled vacancies.

9% for new towns' staff

WHITE-COLLAR staff in the new towns corporations have agreed to a pay settlement worth 9 per cent on consolidated rates.

They have also accepted a reference to the Clegg Commission on comparability.

Higher paid senior staff will receive increases of between 4.5 and 5.5 per cent. This is to maintain percentage relationship with new towns' chief officers, according to the National and Local Government Officers' Association. A total of 4,500 staff are covered by the settlement.

The agreement, which is in line with most local authority deals, also allows for a payment of £10-a-month on account during the comparability study. The settlement is backdated to July 1. An award from Clegg will take effect on January 1, 1980.

Council seeks fuel bill cuts

WESTMINSTER CITY Council, in an attempt to cut its fuel bill by £250,000 a year, is to review its energy requirements.

National Industrial Fuel Efficiency Services have been asked to carry out the study. In 1977-78 the council's energy bill was £2.5m.

PLANT & MACHINERY SALES

Description	Telephone
1) ROLLING MILLS 20in x 30in x 350 h.p. Two High Reversing Mill. 5in x 12in x 10in wide variable speed Four High Mill. 3.5in x 8in x 9in wide variable speed Four High Mill. 10in x 16in wide fixed speed Two High Mill. 10in x 12in wide fixed speed Two High Mill. 6in x 16in x 20in wide Four High Mill.	
2) CUT/LENGTH LINE 1,000 mm x 2 mm.	
3) CUT/LENGTH LINE 750 mm x 3 mm.	
4) CUT/LENGTH LINE 400 mm x 3 mm.	
5) WIRE FLATTENING & NARROW STRIP ROLLING MILL, two stand by rwt.	
6) SLITTING LINE 920 mm x 10 ton coil by Cam.	
7) SLITTING LINE 300 mm x 1 ton coil by Cam.	
8) SLITTING MACHINES 36" and 48" by Weybridge.	
9) 350 h.p. REVERSING MILL, 20in x 30in rolls. Farmer Norton.	
10) PLATE SHEAR 4ft x 1in Cincinnati.	
11) GUILLOTINE 8ft x 0.125in Pearson.	
12) No. 1 FICPE SCRAP SHEAR, 75 x 35 mm bar.	
13) SHEET LEVELLING ROLLS, 920, 1,150 and 1,850 mm wide.	
14) HYDRAULIC SCRAP Baling Press. Fielding & Platt.	
15) FORGING HAMMER 3 cwt, slide-type. Massey.	
16) VACUUM FURNACE 100 kw. Herdikerhoff.	
17) AUTOMATED COLD SAW, non ferrous. Noble & Lund.	
18) WIRE DRAWING MACHINE 8 BLOCK (16in). Arboga.	
19) WIREDRAWING MACHINE 6 BLOCK (22in). Marshall Richards.	
20) ROD DRAWING MACHINE 9 DIE. Barcro. And spooler max. inlet 10 mm.	
21) HORIZONTAL DRAW BLOCK 36in. Farmer Norton.	
22) BAR & TUBE REELING MACHINE (2in). Platt.	
23) WIRE DRAWING MACHINE 9 DIE cone type. Unity.	
24) WIRE DRAWING MACHINE 15 DIE cone type. Marshall Richards.	
25) COMPLETE BICYCLE RIM MANUFACTURING PLANT for disposal, capacity 300 rims per hour.	

Wednesbury Machine Co. Ltd.
Oxford Street, Bilston,
West Midlands.
Tel. 0902 42541/2/3 Telex 336414

McKay's SHEET METAL PROCESSOR
UPSET FORGING MACHINE 4 in dia. 750 ton
WICKMAN 1 1/2 6SP AUTOMATIC. Reconditioned
WICKMAN 2 1/2 6SP AUTOMATIC. Reconditioned
CINCINNATI CENTRELESS GRINDER. Excellent
1500 TON CLEARING D A PRESS Bed 180" x 96"
200 TON SCHULER HIGH SPEED PRESS, 200 spm
LUMSDEN GRINDER 84" x 24" magnetic chuck
FISCHER COPY LATHE TYPE 18/150
NATIONAL COLD HEADERS 1 1/2" x 1/2" dia. recon.
BARBER & COLMAN 16-16 HOBBER, as new

Rolls Tools Ltd.,
154/6 Blackfriars Road, London SE1 8EN
Tel: 01-928 3131 - Telex: 261771

CONTRACTS AND TENDERS



THE INDEPENDENT STATE OF PAPUA NEW GUINEA
MINISTRY OF WORKS AND SUPPLY
DEPARTMENT OF WORKS AND SUPPLY

MAJOR ROAD AND BRIDGE PROJECTS PREQUALIFICATION OF CONTRACTORS

The Independent State of Papua New Guinea has the intention of proceeding with the construction of major Road and Bridge Works. Financial assistance with the Project may be provided by an International Lending Agency.

The work consists of upgrading an existing gravel road in the Highlands and comprises earthworks, pavement, sealing, bridgework, piling and drainage. It is intended to invite tenders from suitably qualified Contractors for this major project in three packages.

Package 1	Kassam Pass - Henganoffi	70km
Package 2	Henganoffi - Daulo Pass	67km
Package 3	Kassam Pass - Daulo Pass	137km

The magnitude of cost for any single package is anticipated to be from Ten Million Kina to Twenty Million Kina (30th May: K1 = US\$1.36).

It is anticipated that invitations to tender will be issued during November, 1979 for construction to commence about July, 1980. Invitations to tender will be sent only to those Contractors who have been prequalified and whose interest has been registered with the Independent State of Papua New Guinea.

Contractors who are locally incorporated and are already qualified with either the Asian Development Bank or the International Bank for Reconstruction and Development should apply again together with any other locally incorporated contractor who wishes to prequalify.

Prospective tenderers must be able to show relevant experience in projects involving highway construction and to show a history of successful contracts.

Locally incorporated tenderers should consider the possibility of associating themselves with overseas contractors for the purpose of bidding for the project contracts.

Information and forms of application may be obtained from:

Secretary,
Department of Works and Supply,
P.O. Box 1108,
Boroko,
Papua New Guinea

and marked "ATTENTION": Principal Engineer, Roads and Bridges.

The closing date for application is 31st August, 1979.

The Independent State of Papua New Guinea will notify Contractors who have successfully prequalified to tender for the work and will supply them with tender documents and information regarding the preparation of bids. Reason for rejection of applicants for prequalification will not be given.

ARGENTINE REPUBLIC

Ministry of Economy

State Secretariat of Energy

Hidronor S.A.

Hidroeléctrica Norpatagónica Sociedad Anónima

Alicopa Complex

Alicurá Hydroelectric Project

Prequalification of contractors:
In connection with a subsequent call for tenders for design, manufacture, transport, erection, testing and commissioning of the following hydromechanical equipment for the spillway, intake works, draft tubes, bottom outlet and conduction to the turbines, Hidronor will receive and analyse the qualifications and references of those firms or consortia of firms, both national and international, that have adequate technical and financial capacity and wish to take part in the call for tenders.

Subcontract No. 533/1 - gates, trashracks and auxiliary equipment

Three spillway operation radial gates.
One set of six spillway maintenance sliding stoplogs.
Three intake operation fixed-wheel gates.
One intake maintenance sliding gate.
Fifty sections of removable trashracks.
One gantry crane for the intake and the spillway.
One set of four draft tubes maintenance sliding stoplogs.
One gantry crane for the draft tubes.
Four bottom outlet sliding gates.
Steel lining for the bottom outlet.

Subcontract No. 533/2 - penstocks
Three penstocks for the main hydraulic turbines.

Terms of reference:

The procedure for submission of data for this purpose and the characteristics of the supply object of these biddings are set out in corresponding prequalification documents which may be obtained either from Hidronor S.A., Av. Leandro N. Alem 1074, 8th Floor, 1001 Buenos Aires, or at the main offices of Electrowatt Engineering Services Ltd., P.O. Box, Bellverstrasse 36, CH-8022 Zurich, Switzerland, and SVECO AB, P.O. Box 5038, 2 Lindegatan, S-102 41 Stockholm 5, Sweden, as from July 12, 1979.

The envelopes containing the qualifications and references of the firms or consortia concerned must be submitted to Hidronor S.A., Av. Leandro N. Alem 1074, 8th Floor, 1001 Buenos Aires, Argentina, before 4 p.m., September 3, 1979.

YEMEN AIRWAYS

PREQUALIFICATION FOR CALL OF TENDERS

DESCRIPTION OF THE WORKS

Detailed design, supply, construction and erection on a turnkey basis of:

- An aircraft hanger 130 x 88 m and 28 m high;
- A completely equipped catering complex for the preparation of approximately 4,000 meals per day;
- Appurtenant site development works such as roads, water supply, diesel power station, etc.

PREQUALIFICATION PROCEDURE

Prospective contractors who are interested to tender for these works are hereby invited to submit documentation presenting their company, references and capabilities together with an indication of their ability to finance the works. The relevant documents are to be submitted not later than 2nd August, 1979, to:

Electrowatt Engineering Services Limited
P.O. Box, CH-8022 Zurich, Switzerland
Ref. No. 3803

Prequalified tenderers will be invited not later than 10th August, 1979, to collect tender documents. The last submittal date for the tender is 10th October, 1979, in Sana'a.

CHAIRMAN, YEMEN AIRWAYS

CONTRACTS AND TENDERS

Advertisements appear every Monday

Rate: £17.50 per single col. cm Minimum 3 cm

For further information regarding advertising please telephone:

FRANCIS PHILLIPS

01-248 4782

TENDER NOTICE

Tenders are invited for the supply of under-mentioned items:

S/N	DESCRIPTION	TENDER No.
01	Ramp Passenger Coaches for use in airport area with low base, diesel engine manual transmission having seating capacity of 25 to 35 passengers, standing capacity of 60 to 80 passengers, equipped with public address system. Quantity 10.	IT-819/79
02	Automatic Hydraulic Copy Milling Machine with two milling heads and accessories.	IT-256/79
03	Heavy Duty Copying Lathe Machine with swing over bed 485 mm.	IT-261/79
04	Heavy Duty Copying Lathe Machine with swing over bed 690 mm.	-do-
05	Heavy Duty Copying Milling Machine Mounting Surface 2000 x 5000 mm.	IT-701/79

Tender documents with complete specifications, terms and conditions can be obtained from the General Manager, Stores & Purchases, PIA, Karachi Airport, Pakistan, or the Manager Purchases, PIA, Heathrow Airport, London, Tel: 01-759 2544 on payment of US\$100 or equivalent (which is non-refundable).

All tenders must reach the General Manager, Stores & Purchases, PIA, Karachi Airport, by 14.00 hours on 23rd August, 1979.

PIAC reserves the right to accept/reject any or all the tenders or extend date of opening without assigning any reasons.



SYRIAN ARAB REPUBLIC

G.A.D.E.B. No. 1443-M-D-3

Call for Tenders for the Second Time

The General Administration for the Development of the Euphrates Basin expresses its desire to receive tenders to purchase a refrigerating tank of "10" tons capacity to transport milk; divided into 4 equal parts and fabricated from anti-corrosive materials immune to milk and detergents. Each part should contain an agitator to stir the milk continuously. Moreover the refrigerating tank should be equipped with a mechanical pump to discharge and fill the milk with a counter showing the quantity of milk passing through the four parts.

Also, the tank should be transportable on a vehicle equipped with an adequate engine, with a refrigerating unit attaining a temperature of +4°C and automatically operated. Moreover, the said units should be operated by an engine independent of the vehicle engine, with the possibility of connecting it with these units in case of necessity.

Bidders are kindly requested to supply catalogues and technical data concerning the tank and its equipment with detailed specifications, together with a guarantee to supply the necessary spare parts for a 3-year period.

Delivery time: As soon as possible.

Provisional deposit: "10,000" S.P. (ten thousand Syrian Pounds) to be attached to the bid.

Final deposit: 5% of the contract value.

Delay penalties: 0.1% one per thousand for each day of delay.

Period of bid engagement: "90" (Ninety) days.

Bids should be forwarded to the General Administration for the Development of the Euphrates Basin in a sealed envelope consisting of:

1-Envelope No. "A" Containing information concerning the bid and the bidder.

2-Envelope No. "B" Containing the provisional deposit.

3-Envelope No. "C" Containing financial information.

Bids should be sent to the General Administration for the Development of the Euphrates Basin at Al Thawrah or Raqqa towns or one of its centres at Aleppo or Damascus not later than 1400 hrs. Thursday 3/8/1979. The Administration will categorically refuse any bid received after the aforementioned date.

DIRECTOR GENERAL MICHEL ABDULLAH

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

ISSUE OF
£2,000,000 13% DEBENTURE STOCK
1977/99 ISSUED AT 137%

Application has been made to the Council of The Stock Exchange for the admission of the above Stock to the Official List.

In accordance with the requirements of the Council of The Stock Exchange, £200,000 of the Stock is available in the Market on the date of publication of this Advertisement.

Particulars of the Stock are available in The Exchange Telegraph Company Limited statistical services and may be obtained during usual business hours on any weekday (Saturday excepted) up to and including 6th August, 1979, from:

DUNDAS & WILSON, C.S.
25 CHARLOTTE SQUARE, EDINBURGH EH2 4EZ

MULLENS & CO.
15 MOORGATE, LONDON EC2R 6AN

BELL, LAWRIE, MACGREGOR & CO.
ERSKINE HOUSE, 68/73 QUEEN ST., EDINBURGH EH2 4AE

and from

THE ROYAL BANK OF SCOTLAND LIMITED
31 ST. ANDREW SQUARE, EDINBURGH EH2 2AB, and
16 OLD BROAD ST., LONDON EC2N 1DL

BANK OF SCOTLAND
5 THE MOUND, EDINBURGH EH1 1YZ

CLYDESDALE BANK LIMITED
30 ST. VINCENT PLACE, GLASGOW G1 2HL

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETERS

METALWORKING

Driving a range of power tools

COMPRESSED AIR is an essential power source for the manufacturing plant of Abbey Panels, supplier of pressed, formed and fabricated sheets in materials such as steel, stainless steel and titanium.

It provides all the necessary power for the company's two press shops, extensive range of air-power tools and a variety of pneumatic controllers.

To meet such large air demands with consistency, this company selected three Broomwade VM1000 compressors to install in its recently commissioned compressor house.

Each compressor is capable of supplying up to 1,130 cfm (335 litres/sec) at 100 psig (7 bar), in order to recharge the numerous air receivers distributed throughout the plant, two compressors are used at the start of the morning shift. Thereafter one is normally capable of satisfying the majority of air demands during the day.

To meet any sudden increase in air consumption, the compressor installation is designed to switch on the second unit automatically. The third is a standby for use during emergency situations.

The largest press employed by Abbey Panels is an 800-ton Cowlishaw Walker machine. Air demand by this one press is so great that it requires three individual air receivers each of 31 cubic feet capacity. Two receivers supply air to the cushion while the third meets all ancillary air demands including damping of the top platen movement. This press is capable of forming sheet up to 6 feet by 8 feet.

Also situated in the main press shop is a selection of smaller presses the pressing capacities ranging from 150 to 800 tons.

CompAir Industrial, POB 7, Broomwade Works, High Wycombe, Bucks. 0494 2118.

PRINTING

Polymer use at New York Daily News

NEW YORK Daily News is to convert all daily printing to a photopolymer platemaking system at both its Brooklyn and Manhattan printing plants.

This publication has the highest circulation in the U.S.—close to 2m copies—and has ordered 13 Letterflex 290A platemaking machines.

Brooklyn plant will be converted to the new equipment by mid-July and the Manhattan plant is to be converted by the end of September. The new

equipment will provide shallow relief plates.

Letterflex equipment is tailored to meet the needs of large newspapers with letterpress equipment who have converted to computerised press operations.

As with all the company's equipment, the Letterflex 290A is equipped for the recycling of used photopolymer, which cuts costs—and avoids waste disposal hazards.

INSTRUMENTS

Long scale manometer

PRECISE MEASUREMENT of pressures up to 3.5 atmospheres can be carried out on gas mains, process plant, etc., using long scale manometers developed by Paul Paddy, 16, Minerva Road, Lond.-m. NW10 6HJ (01-965 2482).

Ideal for use with gas, compressed air, water and many other liquids, the manometers, available in scale lengths of 1.5 to 2.5 metres, are machined from a solid block of perspex for improved safety, eliminating the risk run with glass instruments where a sudden upsurge in pressure can fracture the glass. The manometers can be used in the most rigorous site conditions without being damaged.

Mounted upright on backing boards the units provide great accuracy due to the scale length and can withstand 10 atmospheres (bars) when used to measure differential pressure.

There are also high pressure versions available which will measure small differential pressures up to 35 bar static pressure.

COMPONENTS

Design for big trucks

INTRODUCTION of a new range of road vehicle transmissions has been announced by Eaton Corporation, Eaton House, Staines Road, Hounslow, Middlesex, TW4 5DX. 01-572 7313.

The range, known as the 7200 Series, comprises 6, 9 and 13 speed models and is an intermediate range between the 600 and 900 Series Eaton Fuller twin countershaft transmissions. They are intended in general for vehicles of up to 35 tonnes GVW having engines in the 360 hp bracket.

Major advantages claimed for these transmissions are the wide ratio spread, light weight and compactness, particularly in terms of length, and the provision of a wide choice of power take-off drives.

Temperature checks being made on a totally enclosed ac induction motor of four-pole design, developing 150 hp, and built by Newman Electric Motors. In this picture, the equipment is undergoing performance tests under inverter controls at the Swindon works of Emerson Electric Industrial Controls as part of an extended study of motor design related to variable speed control by static inverters, of which Emerson is a leading builder. Newman specialises in the construction of cage induction motors and there is growing demand from a series of industries for variable speed drive systems based on this type of motor. The test rig shown allows the motor to be supplied from the inverter and loaded through a six-speed gearbox by a slip-ring machine. The latter acts as a generator so that power is fed back into the mains. Efficiency, torque and temperature measurements can be carried out in almost any combination of speed and load. Both companies stress that the arrangement is an informal one aimed at the exchange of information on the technical level. Objective is to seek ways of advancing the performance of variable-speed drives generally. Newman is providing theoretical and practical back-up on motor design parameters and the production hardware. Emerson is providing its experience of the wide range of inverter supply conditions encountered in industry. Newman is on 0272 559875.



BROADCASTING

Flat screen TV tube round the corner

DEVELOPMENT by Sinclair Radionics of a "revolutionary" pocket-sized flat screen television will be based on a technique developed 25 years ago, but which was never commercially exploited.

Sinclair has working prototype versions of the screen, which is to form the heart of the new television, though an industrial partner to provide suitable financial and technical support is yet to emerge. However, details are expected soon. The screen will use a cathode ray tube which is used for all televisions, but suitably modified. The difference is that the tube has been flattened so

that the electron beam, which produces the picture, enters from the side, instead of the back of the screen.

When the idea was originally proposed 25 years ago by Denis Gabor, inventor of the hologram, it was with the intention of producing television sets with screens 8 ft across. The project was dropped when funding from the National Research Development Council was withdrawn. NRDC is now supporting Sinclair's work to develop colour and black and white versions of the television. Gabor had succeeded only in making a monochrome set.

Clive Sinclair has been interested in flat screen designs for several years. He worked with a company called TC Centronic in Croydon to adapt its flat screen design to suit a miniature TV screen.

The smallest screen the company was able to produce was 18 in. across. Clive Sinclair eventually turned to AEG-Telefunken to manufacture miniature tubes using conventional technology for his Microvision "pocket" TV.

His company appears to be the only one working on the modified cathode ray tube design. Others, such as the big Japanese Matsushita group, are considering more exotic technologies involving light-emitting diodes, liquid crystals, electrochromics, and electroluminescence all of which require more complicated ways of generating a picture on the screen.

If Sinclair is successful in manufacturing and marketing flat screen Microvision, the company plans to enlarge the screen to some 4 feet across and make a colour version which had been Gabor's eventual aim. To achieve a colour display of this type, the screen will consist of coloured stripes of phosphor. But the electronics to control the beam will be extremely complicated.

ELAINE WILLIAMS

COMPUTING

Powerful intelligent terminal

LOGICA's intelligent terminal (LIT) can process data and print files at the same time.

LITMOS, a multi-tasking operating system enables it to do this—provide local processing while simultaneously communicating with a mainframe.

Commands to LITMOS are either obeyed instantly or flagged as errors and there is no long wait as the system fruitlessly searches its programme files for a misspelled command.

The user can interrupt the processing of an application-screen, for instance, to examine the operating system's list of disc files, then instantly restore the original screen image. This will show the same contents as before and have the cursor in the same position.

LITs are made by Logica Data Systems, at its factory in Barnet.

Logica, 64 Newman Street, London W1A 4SE. 01-637 8111.

Ferranti to expand in Aberdeen

BECAUSE of the extensive use being made of Ferranti computer products in the North Sea, the company has added an offshore computer projects office to its Aberdeen liaison office.

Its main function is to co-ordinate work on North Sea projects and to provide a direct link with the design and production units in the Manchester area.

Site manager Mr. Peter Whalley, was previously a senior projects manager at the company's Wythenshawe division in Manchester.

It is planned to expand the office so that immediate engineering and programming help can be provided not only during the project commissioning and acceptance phases, but also with any problems arising during operation.

Ferranti Computer Systems, Wythenshawe Division, Simonsway, Wythenshawe, Manchester, M22 5LA. 061-457 5391.

Support for new venture

SELLING jewellery direct from the manufacturer by mail order is a major departure from usual trading methods in the UK, though strongly established in America. A new company with Anglo-American management is about to launch such an operation in Britain.

Feasibility of the project, which involves offering credit account facilities, depends to a large extent on a computerised monitoring system developed by Centre-File, the computer bureau subsidiary of the National Westminster Bank group.

Set up in only a matter of months, thanks mainly to experience gained in the U.S. by the new company's management team, the operation's first phase will involve testing reactions to several hundred lines which the company proposes to offer.

This will be done by distributing a limited edition catalogue in a trial area of the market. The feedback from this will be used to compile the eventual list of items to be included in the 1980 catalogue, which will be distributed nationally through local agents.

Master Credit Systems, the Centre-File service, will be used to enable the company to offer deferred terms to customers and eventually for the operation a budget-account scheme. Computer-aided statements will give the sales department a direct means of communicating with customers. Centre-File will punch data from bill sets supplied by the agents and from cash sets supplied by the company—the only forms of input required. From this the computer will produce detailed information for management on the state of each account and the progress of the company.

Centre-File, 75 Leman Street, London E1. 01-488 3131.

WELDING

Beam makes fine welds

MADE BY Electron Beam Welding Inc of Los Angeles, the EBW 300 machine is to be made available in the UK by T.I. Rockwell, Welsh Harp, Edgware Road, London NW2 7AA. (01-452 0011).

Ideally suited to industries assembling large numbers of small, high-precision parts, the unit can deal with up to 4,000 welds per day using an unskilled operator.

It will also be useful where conventional welding simply cannot be used, particularly where heat distortion is unacceptable. An advantage is that there is no contamination

or oxidation because welding takes place in vacuo. The heat-affected zone is small so that there is no distortion and shrinkage is small. Such welds will similarly join materials of differing composition and unequal thicknesses—no differential thermal problems will arise.

In these machines the weld is produced by the impact of high energy electrons on the component in an evacuated chamber. A deep, narrow, full penetration weld is produced.

EBW 300 has TV viewing, LED weld timing display and modern control facilities.

ELECTRONICS

Protecting the load

PUT ON the market by Moore Reed and Company is an electronic protection system for loads connected to three phase 400 Hz supplies.

Sensitive loads—computers for example—are protected by disconnection should undesirable supply variations of five kinds occur: voltage exceeding 180 (immediate disconnection), or 132 volts for more than 300 ms; the voltage remaining at less than 100 V for more than four seconds; a drop of frequency below 380 Hz; or if the phase sequence is not the correct red-yellow-blue.

While the unit was designed as an adjunct to a static frequency converter made by the company, it will operate with a three phase 400 Hz 115V input from inverters or converters made by other companies, or from rotary generators.

It can be rack mounted (occupying 51 inches by 19 inches racking) or can be "stand-alone" wall mounted.

More from the company at Waiworth Industrial Estate, Andover, Hants. (0264 4155).

Simpler relay control

INSTEAD OF constructing—as many still do—a hard wired relay control panel from a control logic diagram, the diagram can be programmed straight into the memory of the IPC 90 microprocessor-based system introduced by IPC-Merten, 31, Sheep Street, Wellingborough, Northants NN8 1BZ (0933 77705).

Programming language used is standard relay ladder logic which is already familiar to both designers and maintenance engineers. Timers and counters can also be incorporated and the program can be rapidly modified

at any time. Capacity of the system can be from four to 192 inputs/outputs. Programs are retained for two years with the power off.

A hand-held loader-monitor programs the memory and can discover the status of any part of the control system while running. In the event of failure the maintenance engineer can use the portable unit for diagnosis. It gives complete lines of the logic control diagram on a video display, together with status of inputs and outputs. A printout of the control scheme can also be made available.

Solid state drivers

BASIC PURPOSE of a new relay driver by National Semiconductor, which can be linked to either LS/TTL or CMOS logic, is to drive a relay operated from a battery with a ground reference that differs from the logic power supply reference.

In standby mode, the DS3680 uses practically no power, typically less than 50 microwatts per driver. This, combined with low input drive currents, of the order of only 10 micro-amperes, makes the de-

vice particularly attractive for telecommunications systems where low cost and low power consumption are the paramount considerations. Each circuit can drive a load of up to 50 mA, and it is possible to operate all four simultaneously without concern for overall package heat dissipation.

DS3680 has a ±20 volt common mode input range, and high noise immunity.

More from National Semiconductor, 301, Harpur Centre, Home Lane, Bedford. (0234) 211282/47147.

Ultra-clean garments

RECENTLY FORMED by the Huntleigh Group is a new company called Countdown Clean Systems which is to manufacture, sell, hire and process ultra-clean garments for industrial, scientific and medical applications.

Such outer clothing minimises damaging particle generation in the very clean environments essential in a number of segments of the electronics industry and also in precision DE55 4DA (077384 3983).

Testing the logic

A PAIR of probes and a small box of electronics containing a random generator and display make up Signature II from Nimrod Electronics and provide a quick way to test faulty synchronous circuits such as micro-processors.

One of the probes is used to provide clock, start, stop, ground and reference voltages while the other is a 100 MHz data probe which will either detect, like most probes, pulses as they cross high or low threshold, or will only detect valid pulses crossing both thresholds in TTL

and MOS families. Minimum detectable pulse width is 10 nanoseconds.

To use Signature II the circuit under test is put into a state where the data stream is constantly repeating. The control probe is connected and after a self-test routine the data probe is then ready to investigate the circuit by taking logic signatures and comparing them with the appropriate logic tables or a schematic.

More from Hereford House, Station Road, Billingshurst, Sussex (Billingshurst 3633).



SNAM SPA (ENI GROUP) Milan-Italy

ANNUAL REPORT 1978

SNAM is the ENI-Group company which transports and distributes nationally produced and imported natural gas in Italy. The company also operates oil pipelines and a tanker fleet transporting crude and oil products.

The following is an extract of the Annual Report for 1978.

SNAM's activity in 1978

- 26.5 billion cubic metres of natural gas was delivered in Italy, an increase of 3.7% compared with the previous year.
- Imports reached a total of 14.2 billion cubic metres.
- At the end of the year, the SNAM natural gas transport system reached a total length of 13,881 kilometres.
- The SNAM tanker fleet transported 23.5 million tons of crude and oil products, with an increase of 5.5% in respect of 1977.
- Crude and oil products conveyed by means of SNAM pipelines totalled 27.8 million tons, with an increase of 21.2% in respect of the previous year.

1978 Balance Sheet

- Revenues were 1,818 billion lire, an increase of 13.5% in respect of the previous year.
- Investments in property, plant and equipment amounted to 97 billion lire, while investments completed and ready for amortization totalled 67 billion lire.
- Depreciation and amortization for the year, applying the maximum fiscal rates, totalled 194.2 billion lire.
- The financial year closed with a net profit of 24.5 billion lire.

Algeria-Italy gasline

- Work is in progress on the Transmediterranean pipeline which is expected to begin transporting 12.36 billion cubic metres of Algerian gas to Italy in 1981.
- The Algerian Company SONATRACH completed the engineering for the section from the gas fields to the Tunisian border.
- As regards the section crossing Tunisia engineering for both the line and the compressor stations was in an advanced stage at the end of 1978 and order had been placed for the 48" pipes.
- The engineering work for the crossing of the Sicilian Channel, which will involve the laying of a series of 20" pipes continued through the year. The pipe-laying contract has been awarded to SAIPEM (another ENI Group Company) who will operate with the semi-submersible barge "CASTORO SEI".
- The laying operations for the crossing of the Straits of Messina were well advanced at the end of 1978. (In fact, the work was completed in the spring of 1979 with the laying of three 20" pipes, in addition to the existing 10" pipe).
- As regards the Italian section, the engineering and acquisition of the rights-of-way were in progress. By the end of 1978, 450 kilometres of 48" pipes were already on site and other lots, had been ordered.

PRINCIPAL ECONOMIC DATA ABOUT THE COMPANY

	1976	1977	1978
million lire			
Net worth			
—share capital	200,000	200,000	200,000
—reserves	179,672	182,301	182,840
Revenues	1,200,184	1,600,587	1,817,727
Real property, Plant & Equipment	1,384,751	1,516,864	1,576,632
Accrued Depreciation and Amortization	715,501	918,009	1,104,875
Depreciation and Amortization for 1978	192,374	208,955	194,171
Labour costs	91,821	84,885	98,524
Employees (number)	5,500	5,574	5,640
Pipeline network (km)	13,304	13,654	13,881
Gas sold (million cubic metres)	26,104	25,683	26,580
Crude oil & oil products transported by SNAM pipelines (thousand/tons)	22,982	26,404	31,549
Crude oil & oil products transported by SNAM-owned and chartered ships (thousand/tons)	42,787	40,702	40,894

مكاتبنا في لندن

July 23 1979

Building and Civil Engineering

New headquarters for Camm gets £5.4m work

PLANS FOR a new international headquarters and staff accommodation for Camm (B and E), subsidiary of the Burnett and Hallamshire Group.

Just under £1m work for steel stockholder James Fairley include the design and construction of a factory on the Cank low Meadows Industrial Estate, Rotherham.

Design and construction of new factory and office accommodation at Canal Wharf, Chesterfield, is worth £319,623 and also includes car parking, access roads and site works.

First unit at the Bury Industrial Estate, in excess of £300,000, consists of the building of a 90 metre x 80 metre steel framed factory split into two sections incorporating an internal office, wc and amenity room.

Extension of a Brown and Tawse (Sheffield) factory is worth over £220,000 and includes site work and drainage.

Rehabilitation of the Catherine Ward in the female

block of Rampton Hospital for the Property Services Agency comprises a contract in excess of £350,000 and work involves erection of a new single storey extension.

Nene Housing Society has awarded a contract of £308,500 for the construction of St. Neot's flats plus warden's house, residents' lounge, laundry, tea room, etc.

Contracts worth over £1m gained through PNCB Consultants for the Doncaster area of the National Coal Board are for civil engineering works in connection with the electrification of No. 1 winder at Markham Main Colliery.

A contract in excess of £297,900 is for the construction of a settlement lagoon at the Whitteley food process factory of McCain International.

Final job, worth over £239,000, is for Clayton Chambers Installations for the National Coal Board, North Nottingham and South Midlands areas and includes three boiler houses, associated ductwork and site works.

Sir Alfred McAlpine awards

UNDER A £5m design and build contract Sir Alfred McAlpine and Son is constructing three steel-framed, two-storey office and laboratory buildings at Culham for the United Kingdom Atomic Energy Authority.

A second contract awarded to McAlpine is worth about £1.8m and is for a 74.4 by 45 metres building for McKey Food Service, London. The building will be used for the production of meat products.

Mixture for Fairclough

INDUSTRIAL AND public sector work worth more than £3.9m is to be undertaken by Fairclough Building.

Largest job, worth £1.8m, is for 129 houses of traditional construction in Tredgar for Blaenau Gwent Borough Council.

At Ferndale, near Pontypridd, the company is constructing a single-storey factory building linked to an existing factory operated by Chubb Fire Security.

Extensions to the club pavilion county cricket and rugby ground, St. Helens, Swansea, will be carried out by the company's division at Tafts Well, Cardiff, plus a travel centre for British Rail at Port Talbot and 37 flats for Blaenau Gwent Borough Council at Llanhilleth, near Pontypool.

Modernisation of the Kensington Palace Hotel, in London, is a £1.4m project under which 317 bedrooms will be refurbished and upgraded. Public areas of conference rooms, restaurants, bars, coffee shop and lifts will also be refurbished and the whole of the exterior will be redecorated.

ESPLEY-TYAS
CONSTRUCTION GROUP

P.O. Box No. 6, Park Hall, Salford Priors, Evesham, Worcestershire
Tel. Bidford-on-Avon 3721 (20 lines)
STD 078 98813721

£5m Plymouth theatre

COSTAIN CONSTRUCTION has won a £5m contract to build a new 1275-seat civic theatre at the junction of Royal Parade and Derrys Cross, in Plymouth, for the City Council.

Project consists of a main octagonal theatre building of about 52 metres diameter, with an 18-metre octagon on one side, forming a studio theatre.

Foundations for the tanked basement will be vibrated concrete slab with integral footings on a concrete sub-base. Foundations will be of reinforced concrete pad bases to columns or lift shaft founded on slate.

Superstructure is generally of in situ reinforced concrete construction with steelwork roofs to the auditorium, scene dock and fly tower.

Work will include many of the general fittings—scenery support systems and stage curtains—as well as the necessary external works.

Two lifts will be installed in the main stage and these can be lowered to form an orchestra pit. Goods and passenger lifts will also be provided.

Pipeline in South Wales

A £2.4M contract to lay a 20 km pipeline near Cardiff, South Wales, has been awarded to Nacap of Doncaster by Wales Gas.

Running from Rhiwderin to Cefn On, and including some 3 km of marshland, requiring special construction techniques, the pipeline reduces in diameter from 900 mm to 450 mm.

The contract includes the construction of seven valve and take off stations and a 200 mm spur line. Work has begun and is expected to be completed by this October.

Nacap is a member of the Royal Gas Kallis Westminster Group N.V. and sister company to Nacap B.V. of Holland, which is currently laying nearly 1,100 km of gas pipeline in Algeria in contracts worth about £185m.

Houses and factories by Finnegan

COUNCIL HOUSES at Pontefract and industrial units at Huddersfield and Rugby are to be built by J. F. Finnegan under contracts worth a total of £2.3m.

The largest contract is worth just over £1m, awarded by Wakefield Metropolitan District Council, is for the construction of 93 dwellings at The Maltings, Pontefract. Work starts next month and completion is scheduled for July 1981.

Maingrove has placed a £737,000 contract for the construction of two factory units, plus ancillary services, at Glebe Farm Industrial Estate, Rugby. Work has already started on this.

Another contract worth £566,000 is for the provision of small factory units at phase three of the Ringway Estate of Slough Estates at Huddersfield.

£3m water project

OVERSEAS WORK, totalling about £3m, has been awarded to Johnston Construction, and

WORK HAS begun on a supermarket and multi-storey car park at Shenley Road, Borehamwood, Herts, for Tesco Stores. The 2.1m contract is being undertaken by Kyle Stewart which expects to complete the work by August, 1980. Architects are Inskip and Willezyski.

The company has also won a

Wiltshiers' £1½m award

ELEVEN INDUSTRIAL units are to be built at Woolborough Lane, Crawley, Sussex, by Wiltshiers for Old Burlington Estates Development and Barclay Trust. Value of the contract is £1½m.

Work on the site of one of the larger units, providing 46,000 sq ft, has been started. Gaiwick Flight Catering, a company formed by Spinnery's (1948) to provide catering services to airlines. The latter company is a wholly-owned subsidiary of Steel Brothers and Co.

The architect is Dennis Lister and Associates. Quantity surveyor is Kinsler and Partners and structural engineers are White Young and Partners.

Awards to Warings

LARGEST OF the latest contracts awarded to Warings (Contractors) of Portsmouth is worth £24m and so for a 168-bed hotel for Holiday Inns at Paulsgrove, Portsmouth.

The site is an old refuse tip and there is to be an 8-storey block for the residential accommodation plus a two-storey block to house banqueting and other facilities. Completion is due in 74 weeks.

The company has also been awarded a £1m contract by Vosper Thorneycroft (UK). This is a design and construct package deal for fitting out a workshop at Portsmouth alongside the new plant shop, just completed by Warings under a £1.1m contract.

Other contracts include the fitting-out of a Sainsbury supermarket at Winton near Bournemouth.

Water supply control

WORTH OVER £250,000, a comprehensive telemetry control system will form part of a new Cork harbour and city water supply scheme.

Cork County Council intends this scheme to meet the increased demand brought about by population growth and industrial development in the Cork area. The County Council funded project will also involve extensive new civil engineering works, including pumping stations and other buildings.

Cosor will provide the complete computer-based telemetry system including design, manufacture and installation, together with supplying and fitting the monitoring instrumentation to operate with each telemetry station.

The Authority's treatment works at Iniscarra will be equipped with a central station to monitor and control the network. A central computer, developed by Cosor specifically for telemetry application in the water, gas and electricity industries, will be installed, together with colour monitor, alarm and log printer—and chart recorders.

Operators at the central station will communicate with the system via the keyboard and a multi-colour alpha/numeric visual display unit screen will provide a complete picture of the overall system conditions. Mimic diagrams representing remote plant will be displayed with precise data up-dated and stored as the system continuously scans the outstations. A wall mounted mimic complete with illuminated indicators will also provide an overall picture of the water distribution network.

A total of 10 outstations are included in the system, each equipped with its small processor. This enables the central computer to interrogate directly each outstanding memory for specified data.

Building work on the project is expected to be finished by 1982, but the Cosor system will be operational before then. The central computer is scheduled for delivery early next year.

Cosor Electronics, The Pinnares, Barlow, Essex CM19 5BB. 0279 28862.

Modern methods of glazing

DESPITE the increasing use of environmental glasses such as insulating glass and solar control glass, glazing is still carried out with hand-grade glazing compounds with a life expectancy of only five to ten years, says Tremco, Key House, Horton Road, West Drayton, Middlesex (08954 40641).

More sophisticated methods of glazing however, call for up-to-the-minute adjuncts, and freedom from maintenance—for up to a quarter of a century—should now be the order of the day.

Additions to the company's range of thermo glazing products promise to meet standards now being set down for high performance in this industry, and include a silicone construction sealant, Roglaze, which is a one-part, moisture curing, silicone elastomeric product which is easily gunned under all types

of weather conditions and rapidly cures to produce a durable, flexible seal.

It is said to produce a long life, weathertight seal in combination with glass, metal, most painted surfaces, and plastics.

A precision extruded spacer-shim, Aro-Shim, is compounded from EPDM rubber. This is used between sash and glass or plastic sheet in conjunction with a sealant cap bead and promises many advantages over the use of separate spacer shims, controlling and assuring the recommended cap bead spacing and providing a cushion along the entire perimeter of the glass.

Available in 1/8, 3/8, and 1/2 inch with or without an integral lock-in feature for compatible metal, it eliminates the use of makeshift spacer shims, keeps glass accurately spaced at recommended clearances, and is easier to install than round shims.

Consisting of closed-cell Neoprene sponge is the company's CNN-Sponge. Used recessed between sash and glass, in conjunction with a sealed cap bead, it is designed to be compressed between 15 and 40 per cent and offers definite advantages over pre-formed glazing tapes, especially when serrated stops are not present.

Easily installed with the minimum of surface preparation, this should provide a uniform cushion to the glass edge without pressure points and compensates for a wide latitude in glass and metal tolerancing.

Known as maker and supplier of products to the building industry, and specialist flooring contractor, the company's product range also includes flooring overlays, roofing materials and glazing sealants for new construction and remedial work.

COMPANY NOTICES

MARSA DEVELOPMENTS LIMITED
NOTICE IS HEREBY GIVEN that a general meeting of the holders of ordinary shares of £1 each in the capital of the company will be held on August 14, 1979, at 11.30 a.m. at the registered office of the company, 15, Abchurch Lane, London E.C. 4A.

The business to be transacted at the meeting is as follows:—
1. To receive and consider the proposed financial statements for the year ended 31st March 1979, together with the directors' report and the auditors' report thereon.
2. To receive and consider the proposed dividend for the year ended 31st March 1979, and to authorise the directors to pay the same.
3. To receive and consider the proposed financial statements for the year ended 31st March 1978, together with the directors' report and the auditors' report thereon.
4. To receive and consider the proposed dividend for the year ended 31st March 1978, and to authorise the directors to pay the same.
5. To receive and consider the proposed financial statements for the year ended 31st March 1977, together with the directors' report and the auditors' report thereon.
6. To receive and consider the proposed dividend for the year ended 31st March 1977, and to authorise the directors to pay the same.
7. To receive and consider the proposed financial statements for the year ended 31st March 1976, together with the directors' report and the auditors' report thereon.
8. To receive and consider the proposed dividend for the year ended 31st March 1976, and to authorise the directors to pay the same.
9. To receive and consider the proposed financial statements for the year ended 31st March 1975, together with the directors' report and the auditors' report thereon.
10. To receive and consider the proposed dividend for the year ended 31st March 1975, and to authorise the directors to pay the same.

The company secretary is Mrs. J. M. G. GIBBARD, 15, Abchurch Lane, London E.C. 4A.

MITSUBISHI LTD.
ORDINARY SHARES BOND ISSUED BY CITIBANK N.A.

NOTICE IS HEREBY GIVEN that a general meeting of the holders of ordinary shares of £1 each in the capital of the company will be held on August 14, 1979, at 11.30 a.m. at the registered office of the company, 15, Abchurch Lane, London E.C. 4A.

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9. To receive and consider the proposed financial statements for the year ended 31st March 1975, together with the directors' report and the auditors' report thereon.
10. To receive and consider the proposed dividend for the year ended 31st March 1975, and to authorise the directors to pay the same.

The company secretary is Mrs. J. M. G. GIBBARD, 15, Abchurch Lane, London E.C. 4A.

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT, 1948 AND IN THE MATTER OF ROVERBURY LIMITED (Registered Office: 1 Wardrobe Place, Carter Lane, London, E.C.4.)

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London, E.C.4, on Wednesday, 29th August, 1979, at 11.30 a.m. for the purpose mentioned in Section 294 of the said Act.

Dated the 17th day of July 1979.
By Order of the Board,
J. T. HIGH, Director.

THE COMPANIES ACT, 1948.

KEMPF ENTERPRISES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of KEMPF ENTERPRISES LIMITED will be held at 1 Wardrobe Place, Carter Lane, St. Paul's, London, E.C.4, on Tuesday, 26th day of July 1979, at 12 o'clock noon, for the purposes provided for in Sections 294 and 295 of the said Act.

Dated the 10th day of July 1979.
H. J. KEMPF, Director.

PUBLIC NOTICES

DOVER CITY COUNCIL BILLS
£200,000 due 17th October 1979, being 10th July 1979, at a rate of 12 pence in the pound. Applications for a copy of the bills should be made to the City Clerk, 10, Westgate Street, Dover, Kent. There are the only bills outstanding.

LOCAL AUTHORITY BILLS
£200,000 due 17th October 1979, being 10th July 1979, at a rate of 12 pence in the pound. Applications for a copy of the bills should be made to the City Clerk, 10, Westgate Street, Dover, Kent. There are the only bills outstanding.

WARRINGTON GALLERIES
WARRINGTON GALLERIES, 31, Cork Street, W.1, 239 1866. HENRY MOORE Drawings Exhibition until 21st August. 10.30-5.30. Sat. 10-12.30.

WALL GALLERIES
WALL GALLERIES, The Mall, S.W.1. Society of Women Artists 1979 Exhibition. 10.30-5.30. Sat. 10-12.30.

SANDFORD GALLERY
SANDFORD GALLERY, 1, Market Street, Long Acre, W.C.2. 578 8806. Modern Art. 10.30-5.30. Sat. 10-12.30.

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ART GALLERIES

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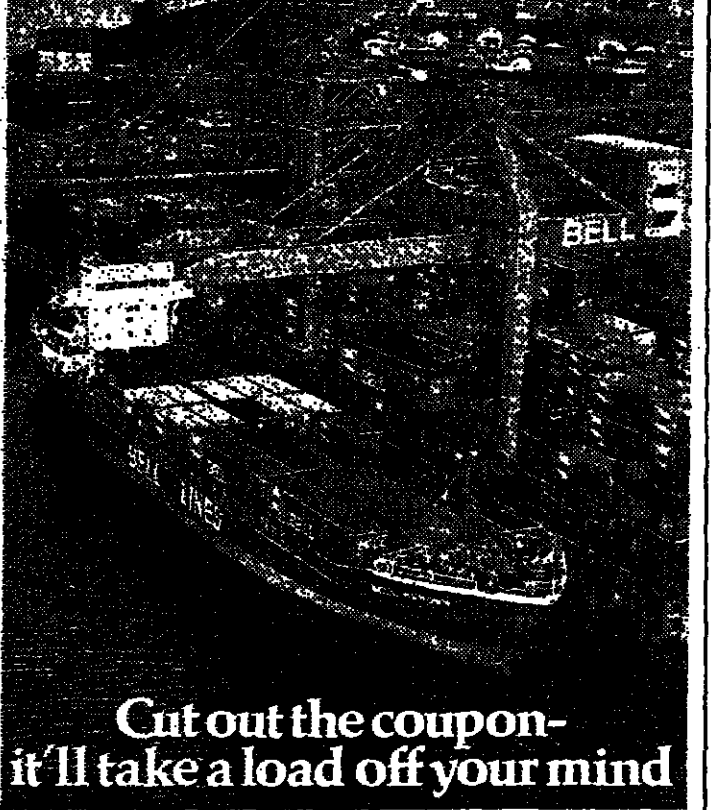
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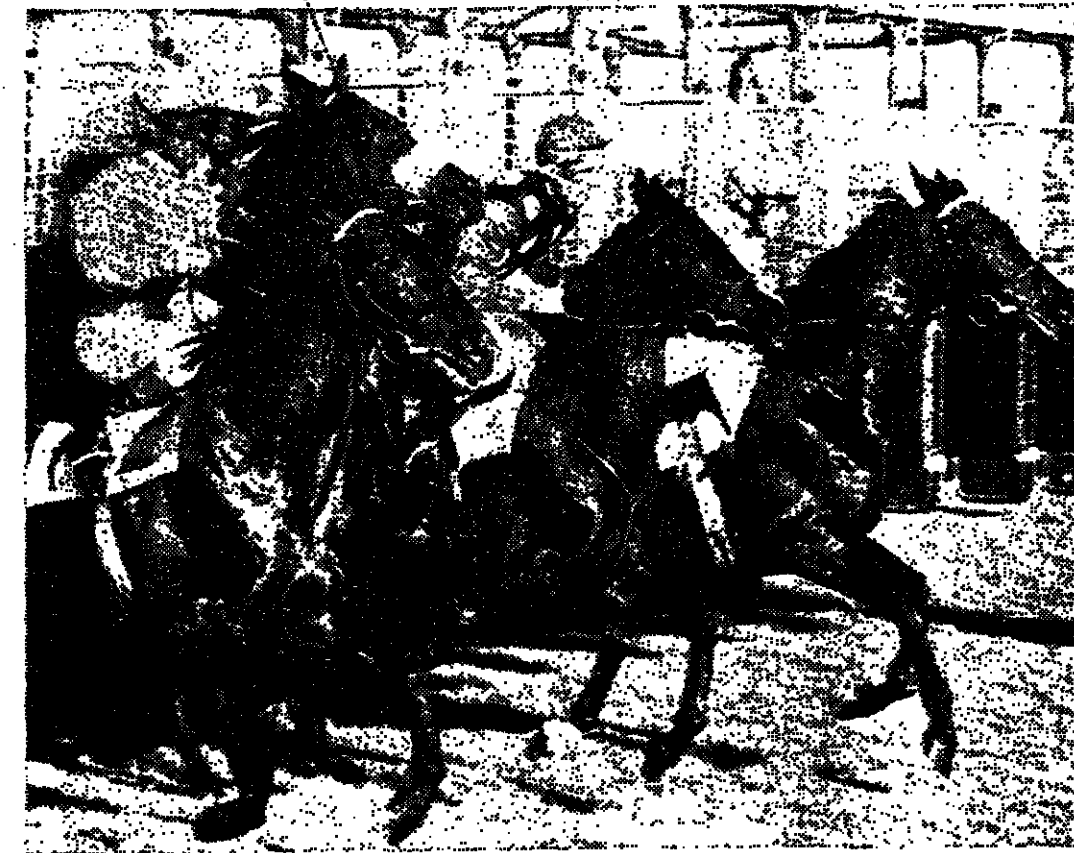
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Blue Nile Engineering Ltd	Kenya
Blue Nile Engineering Ltd	Malaysia
Blue Nile Engineering Ltd	Mexico
Blue Nile Engineering Ltd	Netherlands
Blue Nile Engineering Ltd	Norway
Blue Nile Engineering Ltd	Philippines
Blue Nile Engineering Ltd	Portugal
Blue Nile Engineering Ltd	Spain
Blue Nile Engineering Ltd	Switzerland
Blue Nile Engineering Ltd	Thailand
Blue Nile Engineering Ltd	USA
Blue Nile Engineering Ltd	UK
Blue Nile Engineering Ltd	USSR
Blue Nile Engineering Ltd	Zimbabwe

Using chips to forecast doom

BY SAMUEL BRITTON

JEREMY BENTHAM coined the term "nonsense on stilts" for the high grade rubbish which passes for political and economic wisdom. On no subject can one find more nonsense on stilts than on unemployment. Examples include the supposedly inevitable growing job shortage and the need for compulsory work-sharing, early retirement and so on.

It is all based on the "lump of labour fallacy"—the view that there is a fixed amount of work to be done, and that therefore improvements in human productivity, which ought to make us all better off by giving us the choice between more goods and more leisure, in proportions of our own choosing, are instead a calamity threatening enforced idleness.

One might start by asking what would be the effects of enforced early retirement or hours cuts when, despite 14m on the unemployment books, underground trains are being cancelled because of staff shortages and a person who knows the name of a good plumber is likely to find himself a favourite dinner party guest.

Unfortunately, no amount of logic will prevent people who should know better from presenting scaring projections of unemployment rising ever upwards in the inter-war period, when the UK suffered from the triple shock of a return to gold, the Wall Street crash, and the growth of worldwide trade controls, unemployment did not move continuously upwards, but fell steeply from its 1933 peak.

The various doom projections tabulated by Beestock are based on very similar fallacies. First, the fall in employment due to trend growth of productivity is estimated. Second, the effect of rising output on employment is estimated (the GDP employment elasticity). Third, a likely growth rate of output is assumed quite inde-

pendently of the other factors. The procedure will inevitably generate a never-ending rise in unemployment (or with different figures it could generate an ever-increasing labour shortage). This is arithmetic without economics and indeed without common sense. Despite all the well-known rigidities, real wages do move to balance the supply and demand for labour. Beestock cites calculations for 1948-77 showing how a 1 per cent reduction in real wages led to a 0.1 per cent rise in the demand for labour and a similar fall in supply. If population grew by 1 per cent, some 0.7 per cent would be taken into employment at the expense of a 0.5 per cent reduction in real wages. These responses are if anything too low, being based on short term changes when the supply of capital would not have time to react. Moreover, in accepting, even for the purpose of a hypothetical calculation, output as given, Beestock makes too many concessions to the arithmetic tricksters.

His most valuable contribution is when he drops this assumption to puncture the hysteria about microprocessors. If these gadgets would really do all our work for us—paint our flats, drive our vehicles, wash up, and reply to messages—this would be more like heaven than disaster. More sensible estimates suggest that 16 per cent of the labour force might be affected by microprocessors, which will reduce costs for the products concerned or enable new electronic gadgets to be made. People will thus have more real purchasing power either to buy such products or to spend on other goods.

To begin with forecasts in the face of all known history. In the 19th century the unemployment figures, for what they were worth, fluctuated between about 2 and 10 per cent. Even in the inter-war period, when the UK suffered from the triple shock of a return to gold, the Wall Street crash, and the growth of worldwide trade controls, unemployment did not move continuously upwards, but fell steeply from its 1933 peak.

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Court of Appeal refers equal pay problem to European judges in Luxembourg

BY REFERRING certain questions to the European Court of Justice at Luxembourg on the interpretation of Article 119 of the Rome Treaty, which rules that men and women should receive equal pay for equal work, the Court of Appeal last week in Smith v. Macarthy Ltd. may have spared the Government the embarrassment of a future enforcement action by the European Commission in Brussels.

In April, the European Commission reported on how the nine member states were implementing the Community's equal pay policy for men and women. It found that in all countries, in practice, national legislation fell short of the principle enshrined in Article 119. The Commission has written to all the governments outlining why it considers that national legislation does not conform. In relation to the UK, it states that the concept of work of equivalent value seems to be given a restrictive interpretation on the basis of the Equal Pay Act, 1970. While the British Government maintains that its legislation fully complies with Community law against sex discrimination, it will now be for the judges at Luxembourg to indicate, in at least one area of equal pay between the sexes, whether that is so.

Under the Equal Pay Act, which establishes equality of pay between the sexes, it was clear that Parliament intended to confer such equality as be-

Denning thought otherwise. He considered that the Equal Pay Act, when read in conjunction with the Rome Treaty provisions, where the woman worker succeeded in close succession to her male predecessor, it was right that the comparison in pay should be made to test the equality

THE WEEK IN THE COURTS

BY JUSTINIAN

tion produces anomalies. One example is where the woman succeeds to the man's job the day after he has left, instead of there being a gap such as the 4 months in Mrs. Smith's case. There would also be anomalies on the other side. If an employer wanted to reduce the rate of pay of a male employee, who refused and left, the employer could take on a woman as replacement at the lower rate only at the risk of a law suit under the Equal Pay Act. He would have to establish economic reasons for paying the woman less.

The majority of the Court of Appeal felt no doubt that the English legislation ruled Mrs. Smith's case out of court. Lord

ceded that the end result was that there was discrimination—largely because overtime pay was calculated on gross pay and in consequence there was a differential in favour of the men. This was corrected only prospectively in April, 1977, but such inequality was covered by the pensions exclusion.

By invoking the parallel jurisdiction of the European Court to resolve litigation involving EEC law, the Court of Appeal appears to have wrested the problem away from the politicians into the courts. That assumes the European Court will approach Community law in the same lawyerly way as English judges usually construe Acts of Parliament. But it has in the past seemed inclined to interpret the Rome Treaty and Council Directives in a purposive way. In short, the European Court is likely to say that the principle of equal pay is not just for the present, but applies as much to the past and future as covers pension schemes as well as current earnings. Equality is not about male and female employees working side by side, but all workers employed at any time who might compare their pay and financial conditions of service for like work either simultaneously, or contemporaneously, or in close succession.

Section 6 of the Equal Pay Act provides that the equality clause operates in relation to membership of an occupational pension fund so far as those terms relate to any matter involving social security pensions. But it does not operate in relation to terms connected with death or retirement. The difficult question is whether the death and retirement pension provisions fall foul of Community law.

The bank has argued that the additional 5 per cent was not a term of the contract of employment, but was merely a book-keeping transaction. It was con-

Jim Joel's day at Newbury

THERE WERE few happier men leaving Newbury on Saturday than 84-year-old owner-breeder Mr. Jim Joel, who had seen Canio land the Donnington Castle Stakes and Golden River go down narrowly in the Morland Brewery Trophy.

While some may argue that Canio achieved little in conquering newcomers Bozovici

stage of foiling the more experienced Canio. The quality of the small but select field was underlined by that speedy juvenile, Loyal Manacle, who had either won or taken second place in each of his five previous races. Greville Starkey's mount was always struggling in vain to maintain that record.

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ENTERTAINMENT GUIDE

Opera & Ballet

Coliseum, Credit Cards, 01-240 5254. Reservations 01-232 5181. Season opens Aug. 6. 2 Cycles, The Ring, The Barber of Seville, La Traviata. Booking is now open.

Covent Garden, 01-240 1086. Reservations 01-240 1086. Season opens Aug. 6. 2 Cycles, The Ring, The Barber of Seville, La Traviata. Booking is now open.

Martha Graham Dance Company, 01-240 1086. Reservations 01-240 1086. Season opens Aug. 6. 2 Cycles, The Ring, The Barber of Seville, La Traviata. Booking is now open.

Lyric Theatre, 01-240 1086. Reservations 01-240 1086. Season opens Aug. 6. 2 Cycles, The Ring, The Barber of Seville, La Traviata. Booking is now open.

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RACING

BY DOMINIC WIGAN

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TV Radio

Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.30 Roobarb. 9.35 Jackanory. 9.50 C.B. Bears. 10.10 Why Don't You? 10.35 The Flashing Blade. 1.15 pm News. 1.30 Trumpton. 3.35 Your Songs of Praise Choice. 4.13 Regional News for England (except London). 4.15 Play School. 4.40 Deputy Dawg. 4.45 Jigsaw. 5.10 Big John Little John. 5.35 Captain Pugwash. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.55 Ask the Family.

BBC 2

6.40-7.55 am Open University. 11.00 Play School (as BBC 1). 4.15 pm. 6.55 Pick of the Philpott File. 7.45 Mid-evening News including sub-titles. 7.55 For Valour. 8.10 The Wednesday Play. 9.00 Peter Sellers Sings Country. 9.25 Inside Story. 10.25 Best of Brass. 11.05 Return Call to Brass Tacks. 11.15 News on 2. 11.30 Heav Direct. 11.55 Closedown reading.

LONDON

9.30 am Beyond the Moon. 10.00 The Open Air. 10.30 Cartoon Time. 10.45 The Coral World. 11.35 Ceremonies in the Tower of London. 12.00 Jim and the Magic Torch. 12.10 pm Pippins. 12.30 Emmerdale Farm. IBA programmes may be disrupted by industrial action. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 All About Todders. 2.00 Rumpole of the Bailey. 3.00 Monday Matinee: The Hands of Cormac Joyce. 4.20 Clapperboard. 4.45 Why Can't I Go Home? 5.15 Survival. 5.45 News. 6.00 Thames at 6. 6.35 Crossroads. 7.00 Oh Boy! 7.20 Coronation Street. 8.00 Spooner's Patch. 8.30 World in Action. 9.00 Spearhead. 10.00 News. 10.30 Monday Star Movie: "Blind King", starring James Coburn and Lynn Redgrave. 12.25 am Close: Personal Choice with Michael Burrell. All IBA Regions as London except at the following times:-- ANGLIA 10.30 am Steal Away, 10.55 Weir's Master Bowler Championship. 11.30

1 Feel some upset for a widow (4, 4)

ATV

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SCOTTISH

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10.30

Architecture

Riches in Paris

by COLIN AMERY

In a small park, that is almost a tiny island, by the Stalingrad Metro station stands the striking building by Ledoux, the Rotonde de la Villette. Despite the fact that the overland railway almost touches its upper edges the steeple, some rotunda retains a great dignity in a part of Paris that has seen better days. This summer, the ground floor of the rotunda is occupied by an exhibition, Ledoux and Paris. It provides a unique opportunity to see artefacts and drawings by Ledoux in the setting of one of his own buildings.

parallel currents of architectural thought from the year 1800. Both countries began to develop rationalism alongside a continuing kind of neo-Palladianism and both countries were under the influence of the Vienna Secession. After the Russian Revolution architects in both countries yearned after the spirit of modernism, but they did not always see it in the same light.

Of the other grand Paris houses that are shown in the exhibition most were destroyed in the early years of this century. One of them, however, the Hotel de la Marine, is now being restored. An example of the gilded panelling that adorned its main saloon is shown here and is an intriguing example of the early use that Ledoux made of the neo-classical arabesque. The motif of a chimaera holding aloft a lyre with her arms entwined with roses is a subtle and sensuous carved image. There are several other fragments of panelling which, when they are seen accompanied by drawings of the interiors, show the restrained magnificence of Ledoux's world.

The English have always shown a marked preference for some of the more extraordinary of Ledoux's designs and there are some memorable examples in this show. The project for a bridge over the Loire supported on four stone boats with swan prows is perhaps the finest. To see this exhibition in the cool interiors of the Rotonde de la Villette brings Ledoux closer to the Palladianism that he admired so much when he was in England. Ledoux emerges as very much the 18th century man but one who reached beyond mere classicism to an exploration of form that is still unexplored.

Visitors to Paris at the moment will particularly enjoy the architectural aspects of the Paris-Moscow, 1900-1930, exhibition at the Centre Pompidou. The kind of full-scale interdisciplinary treatment of the plastic arts, architecture and urbanism does give the visitor some sense, albeit probably a contrived one, of the synthesis in the arts of this particular period. The links between painters and architects is very convincingly demonstrated in this exhibition.

Northern Arts £1m in grants Northern Arts spent over £1m in grant aid to artists and artistic organisations in the last year, the first time in its history. The association's annual report for 1978-79 has revealed. About £293,000 went on promoting drama, £284,000 on music, and £155,000 on visual arts, and £138,000 on films.

Partnership Gooch opened with Denness, who considering the occasion and his current form was the correctly preferred to the highly talented, and promising, Lilliey. The two openers provided the innings with a vigour, bright start with a series of excellent strokes, that kept the scoreboard busy.

Octagon Theatre, Bolton

Good Morning, Bill

by MICHAEL COVENEY

I have no idea what Ladislav Fodor's play must have been like, but P. G. Wodehouse's version of it, not seen since the 1930s, is typical Wodehouse. Just as the Master made Molnar bend to his own rules of style and characterisation, so it is with Fodor. The time is the mid-1920s, the scene a suite in a Sussex hotel and, for the last two acts, Bill Paradene's country house in Hampshire.

Paradene is to Lord Tidmouth what Ripper Herring was to Bertie Wooster, an old chum from prep school days currently in thrall to a female pincer movement in the form of a golfing doctor, Sally Smith, and a flighty flapper, Lottie. Paradene intends to ditch Lottie in favour of the doctor, but is resisted for two-and-a-half acts by the determined working girl whose leg muscles are as hard as her heart.

Paradene accepts the worst and gets on with his paper work as a dairy farmer does the course of true love run smooth in an hilarious love scene disguised as a discussion on the bacteriology of milk. Tidmouth is as hopeless as

Wooster with women, although he differs from his prototype in having been married, briefly, to three of them. The doctor, examining him, enquires after his sex life. "There have been women in my life," says 99. "Good Lord, not half as many as that!" There is plenty of similarly snappy counter-punching in the dialogue, which is as brittle as it is felicitous. The plotting is deceptively well handled, and the action pleasantly oiled by the presence of Bill's uncle, Sir Hugo Drake (John Pickles) the nerve specialist, another of Wodehouse's "loony doctors."

The style and rhythm in Colin Bean's in-the-round production is especially well caught by Peter Walmsley as the monocled aristocrat, splendidly angular in movement, spraying the furniture with soda when surprised at the cocktail bar and keeping his upper lip stiff by tugging at it with the lower; and by Elaine White as the whinily Cockney Lottie.

It is, in all, competent and refreshing evening's entertainment, an adventurously offbeat exercise at one of the country's most delightful and invaluable small theatres.

Paradene Lost, an opera in two acts, termed a rappresentazione by its creators Krzysztof Penderecki and Christopher Fry, was one of the two works from the present decade played at this year's Munich Opera Festival. (The other was Reimann's Lear.) Since the troubled first performance at Chicago last November, it has been making the tour of the major European opera houses reserved for those few new operas deemed to be of international importance: La Scala and Stuttgart (which provided this Munich Festival Gasteig) during the past season, Dusseldorf in the one forthcoming, and productions projected for Hamburg, Paris, and Stockholm at a later date. (As usual, Covent Garden figures nowhere on the itinerary.) The exposure is not undeserved. Paradise Lost, enacted in the boldy inventive and very handsome Stuttgart production by August Everding designed by Gunter Schneider, Siemssen, represents a serious attempt to condense Milton's epic poem for operatic treatment while at the same time reflecting the scale and the sense, in dramatic music, of his monumental poetic periods and mighty concepts.

In almost the same breath, however, I should say that the overwhelming sensation left by a single encounter with the work, bolstered by study of score and libretto, was of the distance that yawned between worthiness of attempt and its successful fulfilment. Who, after all, could have composed a worthy Paradise Lost in our day? Who could ever have done so? As the evening passed, and the conviction strengthened that Penderecki had failed to do more than string together a succession of superficially imposing and effective tableaux, I tried to imagine how Wagner might have confronted the task. He would surely have drawn from the poem a series of works along the epic lines of his tetralogy; this supposition matters less than that he alone among composers might have commanded the musical apparatus, the dramatic initiative, the intellectual range, to subdue or else refashion Milton's language



Peter Walmsley and Elaine White

and his cosmos into musico-dramatic substance. Fry's and Penderecki's approach exposes them as mere mortals faced with an Herculean labour. Intelligent mortals: the compression has been achieved with some cammies. Milton (a spoken part) opens with the invocation to Book III, very much potted—where the work is given in English, Fry's habit throughout, of picking from this and that, of flipping from here to there, sometimes making pointless little alterations of diction, on the way, interest disturb those with the original fresh in their minds. Immediately, we are introduced to Adam (lyric baritone) and then Eve (lyric soprano) after the Fall, a remorseful and mutually recriminatory pair.

Most of the remainder of the action is then viewed, as it were, in flashback. All the peaks of the poem are touched upon, not necessarily in Milton's own order: the council of the Fallen Angels; the passage of Satan (dramatic baritone) past the Gates of Hell and his meeting with Sin (mezzo) and Death (soprano); Eve's creation, Raphael's warning, and, after the interval, her temptation by the serpent; the plea of Christ (baritone) on behalf of the disgraced couple; the final guidance of the Archangel Michael (tenor). Choral commentary and the commands of God, punctuated by an amplified spoken voice supported by "solo" choral accompaniment, punctuate the narrative. The overall effect is of a guided tour in quick time through one of the scenic wonders of the world. And the music, which ought to have redressed the balance, compounds and completes the effect. The chapter on Paradise Lost in David Dalché's study of Milton sums up its achievement as follows: "The most interesting and the most important parts (of the poem)—and the most impressive and enjoyable—are those where Milton's use of language expands the core of literal meaning to produce a complex and moving statement of the great paradox of the human condition." "Literal meaning" is the level on which Penderecki's use of language seems to stick; simplification

and denudation of the Miltonic statement are the result. Those listeners who have kept abreast of Penderecki's music since the Polish composer first made his name in the West will not be surprised at the medley of sounds he employs to score his effects: grandiose, abrasive, sweet-toothed, and sensational by turns. Deep, long-held pedals commence each act. The Fallen Angels provoke chattering bursts of arid brass: Satan's characteristic instrument is the bass clarinet. Boys' voices pipe out to accompany the creation of the animals (the swan incites from the orchestra a few tasteless bars of the Lohengrin prelude). A long vocalise for Eve and a lascivious saxophone describe the tasting of the forbidden apple. As in previous large-scale compositions, Penderecki closes the work on a big, unison major triad—here, a D major triad. The score sounds impressive, and commands expressive sounds; the sense of it is essentially incoherent. A patchwork of tonal and Penderecki's familiar atonal and post-serial devices results in an idiom of decoration rather than of articulation. The control and release of dramatic tension prove hazardous, reliant apparently very little on a nexus of harmonic, motivic and colouristic working such as the subject would seem to demand, and greatly on aural sensation. Of course, we can fetch up from the score examples of portentous-looking musical elaboration; but the giveaway is in the want of dramatic electricity sparking between plodding bass lines and the colourless writing for the voices, whether solo, ensemble, or choral. Paradise Lost leaves very few vocal memories; the music for Eve and for Sin, a glaucous, wide-spanning mezzo-soprano line, is among the most grateful of these. What I remember most clearly is the sense of faint but real indignation caused by the composer's use of musical quotation—not only from Lohengrin, but also the "dies irae" plianchant and the first chorale from the St. John Passion (following Christ's intervention). Whatever the composer may have intended by the use of these, the con-

Albert Hall/Radio 3

First Proms

by DOMINIC GILL

The 85th Prom season opened last Friday and Saturday with two concerts from the BBC Symphony Orchestra under James Loughran. The first, also shown on BBC 2, devoted to Mahler's third symphony alone, had been condemned in advance by a Guardian columnist last week on the basis of the same conductor's direction of a different orchestra on a different occasion. Has the Guardian turned clairvoyant—or plain silly?

Not clairvoyant, certainly, and in any sense plain wrongheaded for the very stuff of live performance is its unpredictability. Loughran's was not a great or an overwhelming account (as some, rare in their passion and momentum, can be); but it was more than merely decent, and had real stature. The reading grew firmer as it progressed. Some few small details that should ideally have been picked up were awry in the huge first movement. But they were small things; and the general impression was admirably fresh, precise, carefully shaped. It was specially good to hear for once real triple-pianissimo from both strings and brass. The heart-beat pulse of the bass drum was felt as it should be, more than heard.

The misgiving minuetto was held clear and steady, unfolded with simple grace; the scherzando was set loose in a ripple of strings and reeds, without burry. "Gib Acht!" was the evening's single serious dis-appointment, the contralto of Helen Watts smooth and coolly proper, staid rather than steady; the whole movement lacked subterranean presence, or any halo of mystery. But the finale burned with gentle fire—slowly proposed, and taken slowly from and grand, to its apotheosis. Not a great, but a serious and considered performance, that I was glad to have heard.

On Saturday Loughran returned with Ravel's L'enfant et les sortilèges—a good, humourous, even-tempered account that neither skimmed too easily over the surface of the music, nor indulged it too lavishly. Not all of the dramatic timing was perfectly deft; but there was warmth and lightness to the texture—and splendid support from the best of a good team of soloists, notably Cynthia Buchanan, Sarah Walker and Linda Pinnie.

In the first half, Michael Lankester presented his new concert-arrangement of music from Britten's ballet The Prince of the Pagodas; a doubtful concoction, doubtfully selected, and short of its context, at more than one hour, far too long. There is still room for a tough, compact concert version of the best of this long and uneven score—but can even the high lights justify Donald Mitchell's mystifying assertion that "throughout the piece Britten's genius burrs at its very brightest"?

already little more than a dutiful automaton. Barry Foster's Solness has a touch of the automaton about it too, but an automaton about grammed to believe itself obsessed with the power of its own mind (not hard when Kaja and Ragnar and Brovik are so wet). Even when he is totally under Hilde's wanton thrall, he imagines that he is in charge. Sometimes a curious suggestion of split personality results: a younger, less confident character seems to be peering through that grim, grey-bearded visage. Hilde is such an improbable girl that every hint of real life is a bonus. (Even now I can't forget the magic of Maggie Smith at the Old Vic in 1964.) Janet Maw, looking very tidy after her cross-country hike, that her hair hangs in Rastafarian dreadlocks, is very convincing as long as Hilde might be expected to behave. Though she does her best, however, she is not convincing when she tries to persuade this ageing craftsman that she has been longing for him to keep his promises, made to her as a 12-year-old, to build her a castle and, by implication, to settle in it with her. The world frown she puts on when Mrs. Solness talks, weirdly enough, about the dolls whose loss in the fire she felt more deeply than the loss of her own twin sons, suggests that it is she rather than Solness who comes from the world of the trolls. "What a lot of books!" she exclaims, looking at the wall in Mr. Radomsky's version of Solness's sitting-room. "Yes, I've collected quite a few," says Solness proudly. His visible collection, all in big uniform editions, is indeed a few: but Hilde, as she tells us, has given up reading, and the 10 feet or so of shelf-space might well seem a lot to her.

Arts, Cambridge

The Master Builder

by B. A. YOUNG

No Ibsenite can help wondering what on earth life was like in Dr. Waage's home after the Lady from the Sea had ditched her mysterious sailor and chosen a domestic future. For one of the family at any rate, Hilde the younger daughter, it was life in a cage; so, transforming herself into the image of Ibsen's young friend, Emilie Bardach, she set off in her mountaineering kit with, as far as we can see, the sole object of destroying Solness the Master Builder, a clear self-portrait of the author.

The question of what The Master Builder is "about is no longer a difficult one. It is about an old and successful man with a wife who, like Captain Reece of the Mantepeice, keeps repeating "It is my duty and I will." Into their life comes a tough young lady who hijacks the man. It is, in fact, about Ibsen and his wife and Emilie Bardach. Ibsen was strong enough to prevent Emilie from ruining his life as Hilde Waage ruined Solness's life by daring him to climb a tower (whose symbolism need not be explored) when he is afraid of heights. It was perhaps Ibsen's warning to himself.

The Cambridge production under Patrick Lau's direction is free of overt symbols, apart from a non-functional tower of wooden slats in the middle of Saul Radomsky's set, half-hidden by the ceiling in the first two acts. It is a little handicapped by a stiff translation by James Walter MacFarlane. "Build what you will, you will never build me another home," says Mrs. Solness. (Compare Michael Meyer: "You can build as much as you like, Halvard, you'll never be able to build a proper home for me again.") This artificiality drains the humanity from the characters. Georgine Anderson as Mrs. Solness suffers least, for she is

CRICKET BY TREVOR BAILEY

Essex at last win in great style

IT WAS A GREAT day for Essex cricket and its supporters. When the county, skillfully led by Keith Fletcher, beat Surrey in the first Benson and Hedges Final since its inception. After more than 100 years the county has at last won a major honour. And the grand manner in which they achieved their breakthrough suggests this could well be the first of several similar triumphs in the next few seasons. Essex have in fact been close to success on several occasions in recent years, only to stumble at the last hurdle—not through lack of ability but because they did not have enough confidence in themselves. Pressure on the players in a team that has never experienced a championship is considerable, as Charles Palmer, MCC president and chairman, and former captain of Leicestershire, reminded me at Lords on Saturday. He recalled how, in 1972, Leicestershire climbed to the top for the first time in the same competition when they beat Yorkshire in a low-scoring contest. Even their tough and phlegmatic captain, Ray Illingworth, could not bear to watch his side inch its way to the largest white, their hardened old

campaigner, Terry Spencer, was in tears. In the Essex dressing-room after their victory there was not only elation but also a feeling of relief. A heavy burden had been lifted which should make them ever harder to catch in the Schweppes Championship, which is easily the most important of the four titles available and also the most difficult to capture. Having won the toss Surrey gave Essex first use of a good flat pitch against a depleted attack. The outcome was Gooch and company proceeded to capitalise fully on their good fortune. They stormed their way to a massive 290 for 6, easily passing the previous highest total in a Benson and Hedges final and shattering numerous other records including the biggest individual score, which was also the first ever century.

Partnership Gooch opened with Denness, who considering the occasion and his current form was the correctly preferred to the highly talented, and promising, Lilliey. The two openers provided the innings with a vigour, bright start with a series of excellent strokes, that kept the scoreboard busy. The departure of the former Kent captain was followed by a period of comparative calm, before McEwan began to savage the Surrey bowlers in a brilliant partnership of 124, which increased the impetus and put Essex in control. Although the South African was eventually caught behind off Wilson, Fletcher made certain there was no reduction of the galloping tempo with a sparkling 34—a gem of improvisation while Gooch strode purposefully and powerfully, towards his chanceless century. "Nobody, not even Surrey, really fancied their chances of making 291 in 55 overs against the Essex bowling and fielding, and they did exceptionally well to reach 293 before being all out in the 52nd over. Although there were moments when Howarth and Knight were together and later during the Smith and Roope stand when there appeared to be glimmers of hope, inevitably, and logically, the need to maintain the high run rate required meant taking chances. And it cost wickets. The sheer impossibility of their task, was probably one of the reasons Surrey scored quite so many. If the target had been more within their reach—say between 230 and 240—I still doubt whether they would have

made it, while I would not have fancied Essex, if they had been chasing 240. With some luck, like a couple of snipped fours, the tail can slog 24 off the last three overs when batting first, but it is a rather different story when they need 24 to win and the pressure is on. Another reason why on a good pitch, it usually pays to bat. Although picking the man of the match can be difficult, my task on Saturday was made easy by Graham Gooch—just as well with my Essex connections. Cover drive Graham hit a majestic 100 which began in the first over with a beautiful cover drive, over the boundary and contained many superb shots, including a spectacular six high over mid-on, when Knight was in the middle of an excellent spell and he heaved a reasonable ball from Wilson, onto the top of the stand. It was an innings to remember and treasure. It was also a match to remember for the quality of the batting of both sides, as well as the impeccably sporting way it was played. And there was plenty of noise from the supporters, but not too much mindless chanting.

GOLF BY BEN WRIGHT

Victory for the brave Spaniard

ONE CAN ONLY hope that Seve Ballesteros' so exciting Open Championship victory by three strokes at Royal Lytham St. Annes on Saturday will not extract a fearful price in terms of back trouble. Certainly the youngest winner of the event at 22 years of age since young Tom Morris, in the last century, and the first Continental to win the title since Frenchman Arnaud Massy won in 1907, he never spared himself physically. If he stays fit his commercial prospects are limitless as the swashbuckling successor to Arnold Palmer, who first made it fashionable to drive a golf ball all over the place and either muscle or finesse it from wherever it landed. Ballesteros had rounds of 73, 65, 75 and 70 for a one under par total of 283 that earned him £15,000, while Jack Nicklaus and Ben Crenshaw shared £22,500 for finishing at 288. A question-mark remains, however, over Ballesteros' chances of playing in the Ryder Cup match in September as the first European ever to do so. The Royal and Ancient golf club of St. Andrews must now surely insist that the rough be fertilised forthwith at Muirfield to protect the integrity of their great championship in 1980 if they believe—as I do—that it

should be won by the straightest hitter and not the strongest. The inexplicable collapse of the overnight leader Hale Irwin (78 for 289 and 6th place) and Tom Watson (81 for 287 and a tie for 27th place) helped Ballesteros to thwart the visitors' hopes of a first-ever victory at Royal Lytham by an American professional. Young Crenshaw (71) agonised long into Saturday night over his 4th second place finish in major championships and his third in successive tournaments. Watson's agony was even more complete since he has just thrown away the Canadian and Western Opens with last rounds of 78 each time, and now his collapse is total. Mark James (73 for 287 and 4th place) redeemed himself eventually, and fought to the last. Ballesteros took the lead from Irwin at the second hole after opening with a brilliant birdie two, thanks to a 20 foot putt at the first. Then the eccentrically brilliant Japanese Isao Aoki and perhaps the most contrastingly classical stylist among the young Australians, Rodger Davis came at the Spaniard with a significant run. Davis took the lead when reaching the turn in 32 shots with his Aoki never far away until he

destroyed himself on the home-ward run. Ballesteros hooked his drive so far at the 6th hole it most fortunately reached the sanctuary of the 14th fairway. But a par five here was in reality like dropping a stroke to the field. The Spaniard promptly overpowered the 551 yards 7th with a phenomenal one-iron shot from the tee and six iron second 8 feet from the hole. But he missed the putt for an eagle three. When Ballesteros hit his worst shot of the week, a horribly pulled five-iron away to the left of the tenth green Davis took an outright lead again only to drop two strokes at the 14th two more at the 15th. And then oblivion. Nicklaus and Crenshaw thus emerged as the most serious threats to Ballesteros but three putts at the 13th green scuppered the former and a scrappy five at the 14th was the beginning of the end for Crenshaw. For the second day in succession Ballesteros was to find only one fairway with his driver, and certainly he missed them all with that club, from the 13th to the 17th. When Crenshaw made a sorry mess of the 17th, taking six shots there, only Ballesteros

could beat himself. But this mercurial character was not about to do that. His birdie after a drive right into the car park, virtually assured victory and was so typical of the man in that he blasted the ball from nowhere again with a sand wedge. A brilliant bunker shot at the 17th and a 12 foot putt for par wrapped it all up. Apart from James' valiant effort, the British were as customarily pathetic as ever. Ireland's John O'Leary shared 13th place, amateur Peter McEvoy thoroughly earned his silver medal by tying with Lee Trevino for 17th. Nick Faldo, Sandy Lyle and Ken Brown, who tied for 19th were the only other Britons in the top 20. Jacklin at last gained exemption from pre-qualifying in 1980, by tying for 25th place, but he never gained inspiration from the memories of his heroics in 1969 at Royal Lytham. Only 10 more British golfers even reached the final day, a shameful performance. But the all time record attendance of 135,000 further filled the coffers of the Royal and Ancient Golf Club of St. Andrews, and the future of the finest-run championship of them all seems more than ever assured.

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A day in the Citibank trading room

BY DAVID LASCELLES IN NEW YORK

A HAZY, humid day on Wall Street: at 8.15 am you could hardly see the ground from the 47th floor where Citibank's money market traders were gathering for their morning meeting.

In a corner room a dozen young men in shirt sleeves were grouped round a table with cups of coffee, discussing the day's prospects in rapid tones. Their talk was laced with market jargon: "shorts are scared... hit 'em... lift 'em."

They needed a clear strategy that morning because it was a Thursday, the most important day of the week in the credit market. At precisely 4.10 pm, the Federal Reserve would publish the weekly money supply figures—key economic data with a direct bearing on interest rates. A quick poll of the traders showed they were expecting a rise of \$1bn in M1, and \$2bn in M2, give or take a billion out of totals of \$373bn and \$913bn respectively, enough to push prices down a shade.

It was also a special Thursday: the previous day, on July 11, the Fed had held its monthly meeting to set credit policy and interest rate targets for the weeks ahead. The meeting, as always, was secret and nothing would be known of its decisions for some time. Meanwhile, though, the Fed might move to implement a policy change by intervening furtively in the key Fed funds market, the highly sensitive overnight inter-bank market. The Fed cannot conceal these interventions, but it leaves the market to guess what they mean.

Citibank's traders were divided over what the Fed might do. Some argued it could raise interest rates to help the dollar and tighten credit. Others (the majority) said tighter credit would only tip the economy into a steeper recession. Another unknown was President Carter, who had retreated to Camp David to formulate a new energy policy. The traders decided to play it cautiously.

At 8.30 they trooped out into the main trading room, a long, low-ceilinged area with windows on three sides, and banks of desks fitted with flashing buttons and TV monitors. Opened only a year ago the room has direct lines to dozens of brokers and traders around "the

powerful computers record all trades and store market information which every dealer can call up instantly to his TV screen.

Citibank, New York's largest bank, made a policy decision some years ago to expand its merchant banking division, which includes money market operations. The new trading room is one product of that decision.

The market does not open until 9 am. But one trader is already busy. Mr. Bernie Forzla, who handles Eurodollar CDs (certificates of deposits), is on the line to his counterpart in

London checking the rates "10.5 per cent," he notes.

On the dot of 9 am, the whole room springs to life. Telephones buzz and flash, the TV screens blink out numbers, urgent chatter fills the air. Fed funds, the key figure everyone will be watching today, are quoted at 10 1/4, exactly the Fed's last known target.

Partly because Fed funds are unchanged, bond prices strengthen slightly. But at 9.32 am the giant ticker screen, at the end of the room, flashes news that the Bundesbank has increased the German discount rate, and a few moments later, Mr. Joe Nolte, a salesman on the international side, relays reports of similar rises in France and Holland.

"It's uncanny," mutters one trader. "Sweden, Britain, Japan, and now those. They're all pushing up rates together."

The rises are bad news for the market because they put pressure on the Fed to raise U.S. interest rates too, which would push down bond prices.

Traders keep a close eye on the small telephone light at their desks, marked "Fed". When it flashes, the Fed is on the line, probably announcing a trade which will affect the market. But the light doesn't flash.

"I don't think they'll do it today," remarks Mr. Gary Eckhardt at the Treasury Bill desk. "It would look as if they were responding to somebody else. They'd lose face."

Mr. Eckhardt's eyes never leave either the Fed light or the TV screen with the latest bids and offers. There are a lot of cross-currents, Mr. Eckhardt explains. If the dollar is weak, foreign central banks will have to buy (proceeds in U.S. Treasury Bills,

driving up prices. So a lot of traders stock up on bills in anticipation. On the other hand, a weak dollar could force up U.S. interest rates, in which case traders would have to dump bills as prices fell.

"Everything is discounted in this market," he explains. "What you must try to do is decide whether something has been discounted too much or too little."

At mid-day news comes across that Mr. Carter will address the nation on Sunday. That's something for the market to latch on to, but not much. Will he come up with some solid measures to bolster the economy, or will it be another let-down? Most Citibank traders decide to "even up", or take non-committal positions.

Citibank imposes limits on the positions its traders may take up. But it also encourages them to use their instincts and initiative.

Mr. Jim Stevens, senior vice-president in the money market division, says "You have got to let them have their own head."

But we like them to be right more often than they are wrong." As the afternoon wears on, the pace begins to slacken in anticipation of the money supply figures. Mr. Russell Abbott, trader in two-year notes, is trying to buy \$27m worth for the arbitrageurs—people who move from one security to another to exploit interest rate differentials. Mr. Abbott calls up several traders and brokers and winks: out information about who has got notes and at what price. The brokers try to help him because Citibank is one of their biggest customers, and in five minutes the arbitrageurs get their \$27m of two-year notes.

The clock moves close to 4 pm. But there's a sudden anticlimax. The Fed announces on the ticker that the money supply figures will be delayed. Yells of disappointment echo round the room. Traders shift uneasily as the minutes tick by.

The Fed light flashes. A trader grabs the phone and relays the news that the money supply figures are on their way. A moment later, the ticker springs to life.

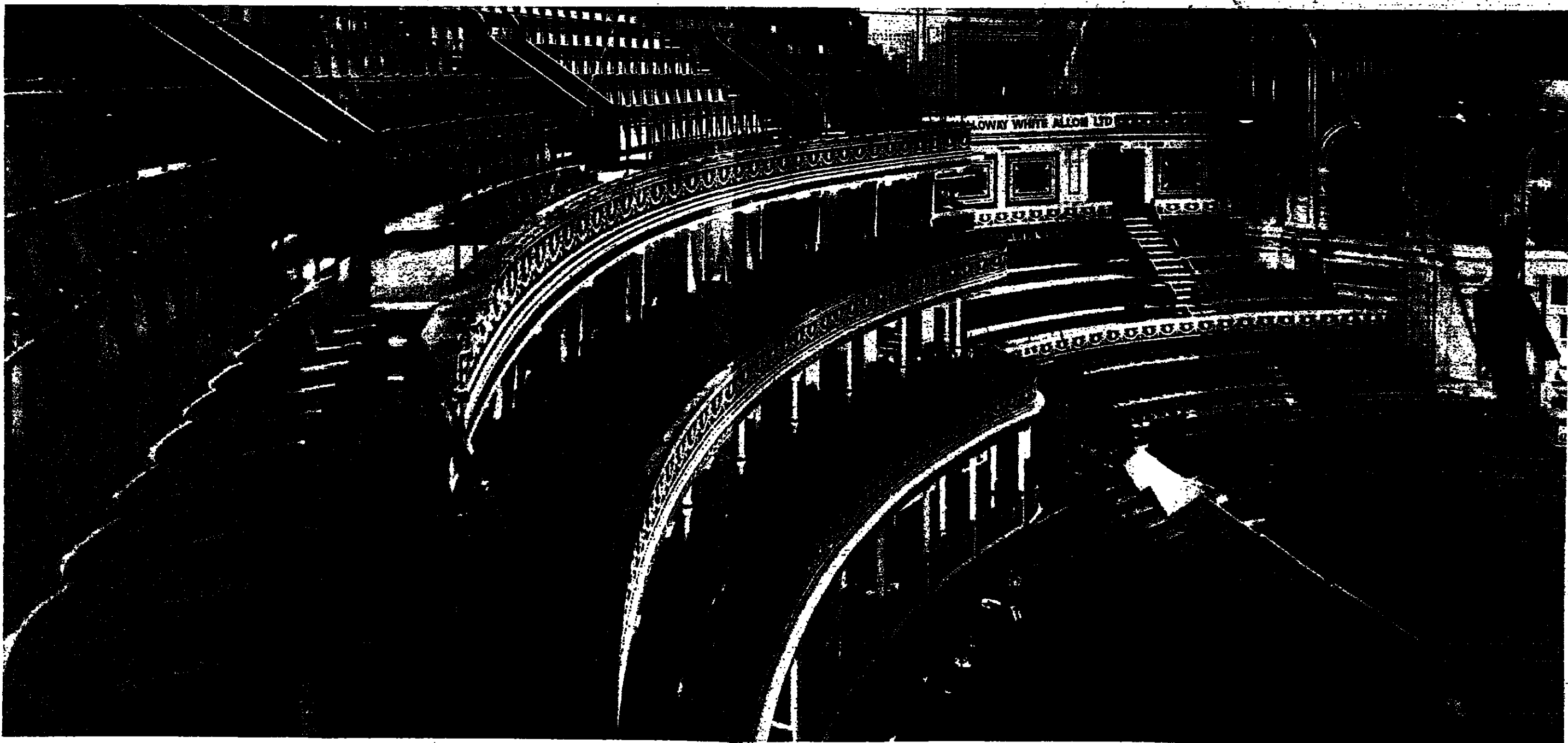
"M1 up \$1.3bn. M2 up \$3.2bn." There are whoops of delight.

"That's a zero figure," said Mr. Paul McCormack, the intermediate bond trader, meaning that the market had anticipated them accurately, and would react neutrally. But the TV flashes. Someone out in the street did a quick trade. "It's a knee jerk reaction," said Mr. McCormack. "If he'd waited a minute more he could have got them cheaper."

The market closes at 5 pm, and the tension evaporates quickly. Traders joke with each other, and make their plans for the evening. By 5.15 the trading room is almost empty, and the TV screens go blank. It had been an eventful day, but not a spectacular one. The New York newspapers would report the next morning that trading had been thin and prices closed virtually unchanged. The Fed had clearly not tightened credit, and the market was now awaiting Mr. Carter's energy message.

As it turned out, Citibank's dealers' expectations were right: Mr. Carter's energy message and Cabinet reshuffle did little to boost confidence, and last Friday the Fed increased the discount rate from 7 1/2 to 10 per cent.

Everything is discounted in this market. What you must try and do is decide whether something has been discounted too much or too little.



Who put the "Royal" back in the Albert Hall?

Watching the last night of the Proms at the Albert Hall, it is easy to forget that correctly it should be the Royal Albert Hall. But look up at its splendid tiers and boxes, and the arched gallery, and you see that our best-loved public hall looks very royal indeed.

The building sparkles today with the pristine brilliance it must have enjoyed at its opening in 1871. The auditorium redecoration was carried out by Holloway White Allom for the

restoration architects, Ronald Ward & Partners. Unless you are in the restoration business, you could be forgiven for not having heard of Holloway White Allom. However, they are a very important subsidiary of John Laing, who specialise in putting back the lustre into fine old buildings.

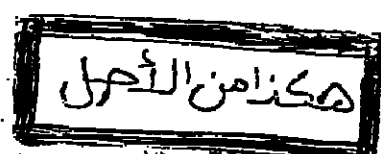
Traditional techniques such as rag-rolling, water-glazing and brush-dragging were employed in the redecoration of the Royal Albert Hall, which was only closed to the public for five

weeks during the six month restoration period. Other Holloway White Allom contracts have included extensive redecoration and alterations to the Bank of England, and remodelling the interior and restoring the exterior of the Nash Terraces in and around Regents Park.

It is all too easy to think of John Laing as only concerned with major new buildings and massive civil engineering projects. But we are

human enough to know that you cannot build for tomorrow unless you have an understanding of the buildings of yesterday. At Laing, that understanding takes practical form, in keeping alive traditional arts and crafts, so that we can keep alive our building heritage.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Hazel Duffy explains the reasons behind Ireland's decision to boost training facilities at all levels in engineering

Why Irish engineers are smiling

TRINITY COLLEGE, Dublin, reopened over the centuries as a seat of learning for literature and the arts. It will be doubling the size of its engineering faculty in the new academic year.

The expansion, which involves taking over premises occupied by other faculties and includes the conversion of 200-year-old buildings, is only part of a campaign launched within the past couple of months by Government, industry and higher education establishments to boost the supply of graduate engineers, technicians and skilled craftsmen over the next five years.

Engineering courses have traditionally attracted students with good school leaving grades in Ireland. History has a part to play. Professor Leahy, dean of engineering at University College Dublin, says engineering has developed more along professional lines in Ireland, in common with the European tradition, rather than from the craft base which has been important in Britain, and which has been injected as a "class" bias into engineering.

As a source of ideas for industry, Ireland used not to merit a backward glance from its European neighbours. The sudden realisation that it now has the fastest economic growth rate in the EEC, and the success of the Industrial Development Authority (IDA) in attracting foreign investment, increasingly to high technology industries, has changed all that.

Industrial planners in Whitehall, and the development agencies in the UK are increasingly looking at the IDA's activities with a touch of envy. The Finiston Committee, which is now deliberating on its final draft into the engineering profession in Britain, may find that Ireland also can offer an example, or two, of the way in which the problem of graduate engineer shortages could be solved.

A few years ago, Ireland had a surplus of graduate engineers. Now they must wait a year when they graduate university in order to gain experience, some getting overseas permanently. It is in the nature of the Irish that most of them would prefer to return home if there are jobs for them to do, and in the early seventies, the Government, through the IDA, set about trying to "provide" those jobs.

In 1974, the IDA began a programme for assisting service industries, aimed primarily at setting up consultancies in engineering, architecture and

computer software. Alongside financial inducements, the key attraction for overseas investors was the pool of trained people already in Ireland.

Four or five years ago, the IDA also introduced a programme of financial assistance to companies already manufacturing and assembling in Ireland to establish research and development units as well. The Government is anxious that foreign companies should not see the country as just another assembly base, as the inward investment policy needs a more mature stage. It also wants to encourage companies to replace their own skilled personnel with local people.

ing to pay to get the people they want, and using them to their full potential. Many Irish-trained engineers who have worked in Britain say that companies do not use their engineers enough and that this is the reason for their feeling frustrated. Engineering companies in Ireland also tend to be smaller than in Britain, and engineers testify to the fact that they can feel much more involved in smaller units.

Britain has been the focal point for the first part of Ireland's campaign to boost its supply of skilled manpower including professional engineers. The IDA provoked some criticism in Britain recently when it put advertisements in the papers about the job opportunities at home.

The IDA's reply is that 80 per cent of the people who responded are Irish or have Irish connections, and therefore they may well have been thinking of returning at some stage anyway. It is hoped that at least 200 vacancies will be filled very shortly as a result of the campaign in Britain.

The shortfall in skilled manpower, both current and future, was quantified with the help of the Government's five-year economic plan and the recently published plan of the IDA, which aims to create 15,000 new jobs a year between now and 1982. A programme was rapidly drawn up by a committee on manpower policy formed late last year by the Government's National Manpower Service.

Representatives of both sides of industry sit on the committee, together with people from the IDA, the Department of Education, and AnCO, the industrial training authority. Vital to the effectiveness of the committee is the fact that it is chaired by the Minister for Labour, Mr. Gene Fitzgerald, who has attended every one of its meetings.

The very smallness of Ireland and its institutions helped considerably in getting the manpower programme through the Cabinet in a very short space of time. Mr. White explains: "We are having to do things which people are just not used to doing, which has involved short-circuiting the whole decision-making process."

The next stage of the campaign is to attract graduates in other disciplines to do a one-year "conversion" course in technology with the lure of a £2,000 grant. Some 500 places have been provided for this September. Also starting in September is an expansion programme of four-year courses (the norm for engineering in Ireland) at universities and



Gene Fitzgerald, the Labour Minister, giving strong personal support to the programme.

polytechnics, which will build up to an extra 1,500 graduates annually by 1984. The numbers may seem small, but have to be judged in the context of a working population of just 1.1m compared with 26m in the UK.

The image of industry is very important. Although industry in Ireland is long enough established for sectors like textiles and footwear to have gone through periods of contraction, generally it is associated more with expansion and with newer, cleaner industry than in Britain.

Mr. Tom Hardiman, chairman of the Government's Board for Science and Technology, trained as a mechanical engineer and is an ex-director general of RTE, the State broadcasting authority. He says: "Industry is perceived as successful in Ireland, and this has helped enormously by the fact that successive governments have maintained a policy of encouraging industry for the past 15 years."

The fact that industry is expanding in Ireland—thanks largely to the IDA, which has a budget of £108m for this year, plus considerations like the recently-introduced 10 per cent corporation tax—will probably make the task easier than in Britain, where manufacturing industry is increasingly associated with decline and loss of jobs.

The all-embracing role of the IDA offers many advantages to industry, by combining several of the functions spread across various Government departments and agencies in Britain. It can offer grants for training, product development, small firms, restructuring of industry, re-equipment, etc., while one of its most recent additions is a project which has also stimulated the banks into looking more generously on entrepreneurs, namely the financing of people with innovative ideas under the Enterprise Development Programme. Many of the people it plans to help have engineering backgrounds.

Further industrial expansion for Ireland is a necessity. The mechanisation of agriculture has accelerated through membership of the EEC, resulting in fewer jobs on the land in a country where unemployment is around 10 per cent. Skilled manpower is an essential ingredient in ensuring this expansion. In a small country without natural resources it very often represents the only extra incentive for footloose industry over developing countries, where labour is much cheaper.

This is a fact which Irish governments of different political persuasions have had no difficulty in endorsing, and brings an urgency to getting things done which is absent in Britain. There just is not time for committees of inquiry and wide-ranging debates.

Ford tightens the strings of its European net

BY KENNETH GOODING

FORD estimates that the nine-week strike which shut its UK plants last autumn cost \$177m. But the dispute does not seem to have shaken the group's belief that it has now got its European manufacturing and distribution system into the right shape.

As an example of the faith it now has in these operations Ford of Europe recently instructed its assembly plants to cut inventories from the equivalent of 30 days worth to 15 days. This should produce substantial savings in financing costs.

But, as the accompanying map shows, Ford's European network is complex. Supply lines are long and there is a great deal of "stock" on the move.

Individual manufacturing plants have to deal with a relatively large number of suppliers—some of them other Ford factories—from a long list of countries.

Take as an example Valencia, Ford's newest plant and one developed after the European concept was fully established to make the Fiesta and engines for this small car. It takes 1,350 parts from 212 suppliers in Spain itself, a further 256 parts from 151 West German suppliers, 100 parts from 71 UK suppliers, five parts from four suppliers in the Netherlands, four parts from four Italian suppliers and 14 parts from two suppliers in the US.

There is, of course, nothing new in an assembly plant dealing with many component suppliers. But traditionally in Europe these component suppliers were usually clustered close by the assembly plants, thus producing areas like the UK Midlands, which relied heavily on the automotive industry for its prosperity.

By taking the view that Europe should be seen as one market and reduce the range of cars it makes for Europe, Ford has attempted to maximise the economies of scale so important in car manufacturing.

A report by the UK Central Policy Review Staff—the "Think Tank"—some years ago covered this topic and suggested that the minimum efficient size for a manufacturing operation making identical castings for an engine block was an annual out-

put of 100,000. For engine and transmission machining and assembly the figure was 500,000 and for final assembly 250,000.

It has certainly been easier for Ford to organise its operations to benefit from such economies of scale than, say, Renault or BL, both State-owned companies which are obliged to look first to suppliers in their own countries for their requirements.

Every working day Ford expects to build more than 7,500 cars and commercial vehicles in Europe as well as making enough components at its 25 manufacturing centres to cope with orders from Ford subsidiaries in North and Latin America, Africa, Australia and New Zealand, the Middle East and Asia.

Computer controlled movement of production material makes all this possible. Computers make sure that the individual parts and sub-assemblies for a particular Fiesta ordered by, say, a UK customer arrive at just the right time to be assembled at various stages on the Valencia production lines.

For protection and ease of handling, components are packed into containers or closed rail wagons. In the UK, Belgium and Germany there are special trains which carry only Ford components in closed wagons. Within the company these high-speed express links are known as "Blue Trains."

From the UK plants containerised components are taken to the port of Harwich on the East Coast then shipped across the North Sea on a twice daily ferry service to Zeebrugge in Belgium and then by rail to Ford plants in Belgium, West Germany and Spain.

Transmissions manufactured in Bordeaux are moved to the UK and Spain by road and to Belgium and West Germany by rail. Exports to Ford companies outside Europe are by sea.

Special "drop body" containers from the Cologne and Genk (Belgium) plants are transported by road to Liege where they are removed from the trucks and transferred on



to rail wagon; and then taken from Liege to Valencia by rail.

From Saarlouis in West Germany "drop body" containers are moved by road to Metz and then by rail from Metz to Valencia. On the return trip Fiesta engines and body panels travel by rail from Valencia to Metz and then on to Saarlouis by road.

Delivery from the plants in Britain to those in Belgium and West Germany by the rail and sea service requires three days and to Spain eight days. Delivery of transmissions from Bordeaux to other European plants is completed within 48 hours by the regular scheduled services.

Ford estimates that at any time it has more than 1,500 containers, rail wagons and "drop body" containers in service in Europe and that there are more than 12,000 tonnes of components in transit between the plants.

The system obviously involves some calculated risks and when Ford decided to "Europeanise" in this way it must have built considerable flexibility into it. After all, it was Ford which led the industry into dual-sourcing to protect itself should an important supplier get into difficulties so that components, sub-assemblies, and even complete cars can be supplied from more than one place or substituted by

similar products made elsewhere.

Even so there were times when economies of scale dictated that there could be only one plant. There is, for example, the Ford Autolite plant at Belfast, the sole supplier of carburettors and some other equipment for the whole of Ford's European operations. This fact is well known to both the workforce and, one assumes, to political activists. But the Belfast plant has a history of trouble-free production.

High-speed

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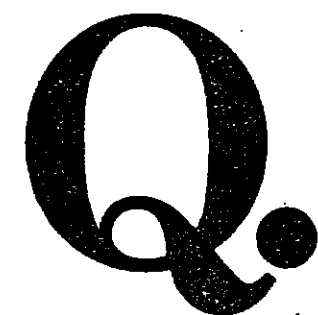
Special "drop body" containers from the Cologne and Genk (Belgium) plants are transported by road to Liege where they are removed from the trucks and transferred on

Strike

Some trade unionists have suggested that the long supply chains across Europe bring Ford benefits when there is an industrial dispute. Goods in transit can be used during a dispute and then replaced by rush transport afterwards.

Indeed, Ford managed to keep its Continental operations going for the first six weeks of the UK strike without any apparent difficulties.

Certainly the lessons Ford has learned in Europe in the 1970s will be invaluable in the 1980s when the world automotive industry enters the era of the "world" car. When that arrives components will not just be shunted around Europe, but right around the world.



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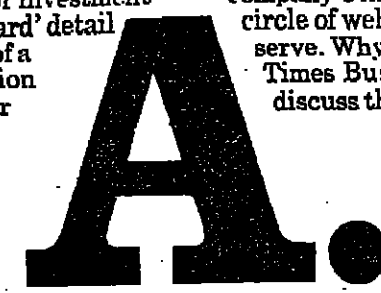
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FINANCIAL TIMES

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Carter under siege

PRESIDENT CARTER'S Cabinet changes have been greeted with a mixture of Washington establishment. He has been variously described as "cutting down the biggest trees and leaving a mess of stumps" and drawing his wagons into a tight circle from which all but his fellow Georgians are excluded. Certainly the manner in which the reshuffle was conducted, and in many respects its outcome, have gone down badly on Capitol Hill—ironically just as the President had succeeded in re-establishing some of his credibility in Congress with his Sunday's televised address on energy policy and the more complex psychological problems currently afflicting the nation.

Loyalty

By sacking Mr. Joseph Califano, the Secretary for Health, Education and Welfare, Mr. Carter has rid himself of probably the most popular member of his Cabinet in Congress—and also, incidentally, an ally of Mr. Edward Kennedy, still his main rival for the Democratic Presidential nomination next year. The promotion of the youthful Mr. Hamilton Jordan to White House Chief of Staff, potentially a position of very considerable power, is another move that will be intensely disliked in Washington.

The departure of Mr. James Schlesinger, the Energy Secretary, was widely expected. He has gone, partly as a fall-guy for the failure of the Administration's energy policies, partly for his supposed lack of political judgment and partly because he kept disagreeing with the White House. This last sin was also laid at the door of Mr. Michael Blumenthal, the deposed Secretary of the Treasury. It is clear that henceforth the key to survival in the Carter Cabinet is going to be not only personal ability and loyalty to the President and his White House team.

But Mr. Carter has not made his changes in order to appeal to the Washington establishment. His admitted aim is to line up what he believes to be the right team for his re-nomination bid, which will be aimed at the American people in general. By strengthening his group of trusted Georgians in Washington, he is doing two

things. He is giving himself the time and the opportunity to go out and conduct a populist campaign around the country, with less fear that his Cabinet will relapse into infighting behind his back, and he is once again surrounding himself with a tightly knit caucus of people who first won him the Presidency.

Europe

So far, there has been no clear indication as to whether the American people will react to his Cabinet changes with the same approval that they apparently gave to his nationwide address seven days ago. It is possible that they will see evidence, at last, of a firm hand in the White House. That is unlikely, however, to be the case on this side of the Atlantic. Taking an inordinately long time to make up one's mind, and then settling for a Cabinet that is in many respects weaker than its predecessor, is not universally accepted as a sign of decisive leadership.

In today's world, it is not just Americans who have a vital interest in the effectiveness of the Presidency of the United States. The conduct of American economic policy, and now, above all, of energy policy, has a key bearing on the course of the West's, and indeed the world's, economic and political future. There is as yet no evidence that Mr. William Miller, the Chairman of the Federal Reserve, will be a better Secretary of the Treasury than Mr. Blumenthal. Nor is there any reason to believe that Mr. Charles Duncan will do better than Mr. Schlesinger at Energy. For those in Europe who have long been concerned by the weakness of Mr. Carter's leadership, loyalty to the President is hardly a quality that should be regarded as over-riding.

Onus

Congressional approval of the Energy policy—indeed of major international issues, like the SALT Treaty—will not be made any easier if President Carter antagonises the rest of Washington, including many of his own political allies. If he really has, as he claims, come up with a better team, most of his Western partners will be delighted. But the onus of proof rests with his new Cabinet.

The wrong time to sell B A

THERE ARE good and bad reasons for the Government to sell nationalised assets to the private sector. The plan, announced on Friday, to sell a "substantial minority shareholding" to private investors in British Airways in the near future is either misguided or motivated by the wrong reasons.

The attractions of denationalising BA include the further loosening of government influence over its management, a greater exposure to competitive pressures and more freedom for it to take risks and seek rewards like a commercial enterprise. The experience of government control over the past 10 years has certainly been unhappy enough to justify seeking a radical change in BA's status.

Erratic

But the Government must consider, in addition to its ideological inclinations, its duties as a trustee of the taxpayers' wealth. While the decision in principle to sell BA is welcome, its timing is unfortunate. A government whose injunction to others is to emulate private businessmen, should itself be able to look at BA from a businesslike point of view. It is a company with an unimpressive and erratic profit record facing in the immediate future a massive and risky investment programme of about £2.4bn. Its management is convinced that the investments will pay off and that profits will improve dramatically over the next few years. In the private business world only doubts about the management's expectations or a desperate need for cash would account for the sale of such a huge company when the time is so unripe.

Potential investors will, rightly, discount heavily the target of a 16 per cent return on assets that the BA management have set themselves, given that the prospectus will show a much lower, and uneven return over the past five years. If the commercial independence that BA wrested from the last government and the fleet of new aircraft it is currently buying enable it to perform up to its management's expectations, but the government sells its shares at a price that is bound to be based on current, rather than prospective, earnings, Britain's taxpayers will suffer a loss of

several hundred million pounds. On the other hand, the airline proves unable to service the huge debts it incurs in financing its capital programme, the government may be unable to resist the clamour of private shareholders, tempted into the shares by the government, for subsidies and assistance.

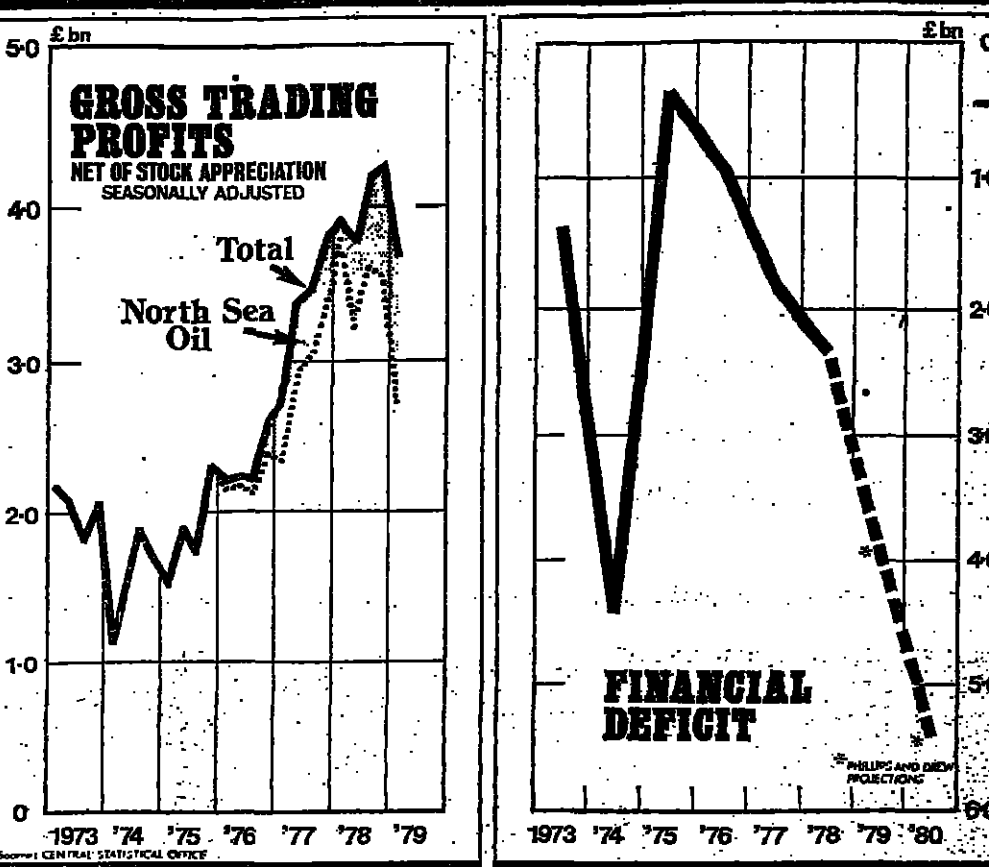
It makes little sense to sell a company at the start of its recovery, as any of the several merchant bankers in the Government must be well aware. A sale in three or four years' time would be fairer on both the taxpayer and the stock market. But the Government seems to have given priority to another reason for selling off public assets—to raise money and reduce the public sector borrowing requirement. Economists are well aware that the "cut" in Government borrowing that results from a sale of equities rather than of gilt-edged stock affects only the method of financing the Government's deficit. It provides investors with a welcome variation on their monotonous diet of fixed-interest stock. But it does not affect the size of the deficit, the demand for credit or the money supply.

Independence But, with the sale of British Airways, a further statistical fiction seems to have entered the Government's calculations. Mr. John Nott, the Trade Secretary, has said that he wants to change BA's capital structure partly because of the "substantial increase in capital investment" it will require in the next few years. Reconstituting BA as a private limited company along the lines of British Petroleum, with a substantial Government shareholding, will enable the whole of its borrowing to be removed from the PSBR. Since BA's demand for external funds is likely to be about £1bn over the next five years, a stroke of Mr. Nott's pen could reduce the PSBR by around £200m a year. It may be that this is one of the attractions of selling off part of BA even at this unpropitious time. But if this is the game the Government wants to play, why not reconstitute BA, stop guaranteeing its borrowing, take them out of the PSBR as a limited company and give management total independence now, but wait a few years before selling its shares?

The tightening squeeze on British industry

By PETER RIDDELL, Economics Correspondent

INDUSTRIAL AND COMMERCIAL COMPANIES



Trading profits

The best guide is the official estimates of gross trading profits net of stock appreciation—that is, after deducting the amount needed merely to finance the impact of inflation on stocks of materials and goods. It is necessary to make a further adjustment for the rapidly growing profits from North Sea oil in order to see the underlying position of British industry.

On this basis, industrial and commercial companies' profits fell slightly in the final three months of last year. As last month's Bank of England quarterly bulletin pointed out: "By the end of 1978 various factors were combining to erode profitability: increasing raw material costs (reflected in an 18 per cent increase in stock appreciation in the second half); a firmer exchange rate (squeezing competitiveness at home and abroad); the increase in the national insurance surcharge; and the stagnation of output and productivity."

The Bank bulletin went on to say that the squeeze on profitability had probably continued in 1979; recent official figures show that it had occurred with a vengeance. Profits, excluding North Sea oil, dropped by nearly 23 per cent in the first three months of this year compared with the October-December period of 1978.

In part, this decline was due to loss of production caused by the bad winter weather and by industrial disputes. But even after allowing for all these special factors, the underlying

trend of profits is clearly downward. The reasons are straightforward. Costs have been rising rapidly and companies have not been able to pass them on fully in the form of higher prices. Hence margins have been squeezed. Unit labour costs are now rising by roughly 13 to 14 per cent a year while raw material costs have jumped by 41 per cent in the first half of this year in spite of the favourable impact on import prices of the steady rise in sterling.

The strength of the exchange rate—up by 9 per cent on average against other leading currencies so far this year—has been the main restraining influence on prices. But for exporters the strength of the pound reduces the sterling value of sales and profits. In volume goods like textiles and chemicals there is little scope for raising prices which are internationally determined. A high pound may pose less of a threat to more specialist goods.

A rise of sterling lowers the price of imports relative to home-produced goods and the resulting competitive pressures limit the scope for raising prices and cut profits. This may be more significant than the pressures on exporters since British industry has been much less successful at competing in its own market than it has been overseas.

The resulting pressures were highlighted by last week's warnings from Courtaulds, Wedgwood and Gestetner. Sir Arthur Knight, chairman of Courtaulds, estimated that its pre-tax profits for the financial

year to March 31 would have risen by £30m, rather than by the actual £10m, if sterling had adjusted to the faster rise in costs at home than abroad. And that was before the latest sharp rise in sterling.

Industry is far from unanimous on this point and some companies would instead stress the favourable impact of appreciation on costs. But the net short-term effect is to squeeze profits and these pressures are reinforced by high interest rates and by a tight monetary policy. Moreover, it is likely to become increasingly difficult to pass on cost increases because of a weakening in demand both at home and overseas during the next 12 months. A recession normally hits profits more than wages.

Estimates of the possible impact vary considerably but the latest projections from the London Business School, published this morning, forecast only a very slow growth of profits net of stock appreciation over the economy as a whole in the next 18 months. Indeed, when the sharply rising contribution from North Sea oil is deducted it is possible that the profits of the rest of British industry could drop by nearly 14 per cent this year and by 13 per cent in 1980, and the fall could be larger for manufacturing.

Profits are only one side of the picture and the financial health of industry is determined as much by the level of spending on investment and stocks. This expenditure has been very buoyant over the last couple of years so that with a squeeze on

revenue the financial position of industrial and commercial companies has deteriorated.

The commonest yardstick is the financial deficit, which measures how much industry has to raise from other parts of the economy, notably by issues of equity or by bank borrowing, or from overseas.

This deficit increased from £1.52bn to £2.5bn between 1977 and 1978 and was £1.19bn in the final three months of last year. New official figures due to be published later today are likely to show a very large financial deficit in the first three months of this year. This may be erratically large, but the combination of a profits squeeze and a further rise in spending on fixed investment and stocks could push the deficit up to £4bn this year and to nearly £5bn in 1980 according to City stockbrokers Phillips and Drew. This would mean a continued high level of bank borrowing, though the rise in VAT will ironically boost liquidity.

Other analysts believe that while industry's financial position will deteriorate this year it may not get worse in 1980 and could even improve as it did in 1975-76, as companies react to the onset of the recession. The London Business School, for instance, expects the company sector to maintain its financial position in spite of the squeeze on profits by cutting back on investment and stock building. The timing and

severity of the squeeze will be heavily influenced both by the level of sterling and by whether companies correctly judge demand and do not get left with excess stocks.

But even relatively optimistic economists expect the deficit next year to be higher than the previous peak of £4.4bn in 1974, the year of the liquidity crisis. But because of inflation, in real terms and as a percentage of total output, than four or five years ago.

Moreover, industry is in a generally stronger position to withstand these pressures than five years ago. This is so partly because of the wave of rights issues in 1975-76 which resulted in a reduction in the ratio of debt to equity in company balance sheets. Phillips and Drew, for example, estimate that gearing is now down to 18 per cent compared with 26 per cent at the end of 1974. The brokers believe the squeeze is only likely to push up gearing to 22 per cent by the end of next year.

There has also been an improvement in the liquidity of industry since the mid-1970s even if this is now coming under pressure. Yet this is an overall picture and the experience of different sectors and companies is likely to vary considerably. In particular, manufacturing industry could be hit much harder than, say, the North Sea oil sector, property (in much better financial shape than in the mid-1970s) and much of services industry.

The cost competitiveness of manufacturing is already 15 to 20 per cent worse than two years ago and its financial deficit could be as large as, if not larger than, in the mid-1970s even after adjusting for inflation. Here again the pressures are unlikely to be uniform. The most obviously vulnerable companies are those manufacturing in sectors such as consumer durables whose competitive position has already been seriously eroded in the last few years.

There has already been speculation about whether some companies will be pushed into bankruptcy or into seeking assistance from the Government. Few people either in the City or in Whitehall would be surprised by one or more failures either this winter or more likely, in 18 months' time. The question is already being asked by MPs and industrialists whether this intensified squeeze is inevitable and whether the result will not be a permanent loss of market share and a further shrinking of British manufacturing industry.

The Government's response is to make a virtue out of what it sees as necessity. Ministers recognise that a tight monetary squeeze, high interest rates and the consequent strong exchange rate will hit industry but they believe this price has to be paid if inflation is to be reduced. Indeed, both Mrs. Thatcher and Sir Geoffrey Howe, the Chancellor, have gone further in proclaiming the advantages of a strong pound. This, they believe, will curb inflation

directly by reducing import costs and indirectly by squeezing margins and restricting the ability of companies to pay high wage increases. The Conservatives believe there is no alternative if Britain is to break into a virtuous circle.

The opposition ranges from those who favour a deliberate depreciation of sterling—however that might be achieved—via supporters of import controls to industrialists who favour some attempt to stabilise the exchange rates. But as Sir Geoffrey pointed out in the Commons on Thursday, the experience of successive governments shows how difficult it is to control the exchange rate even if this is thought to be desirable.

Monetary growth

Intervention to hold down the rate has been counter-productive. In 1977 the inflows were on such a scale as to threaten an acceleration in monetary growth and faster inflation, and thus to force the Government to allow a free float. Similarly, a cut in interest rates in an attempt to discourage inflows had little impact on overseas investors. But encouraged domestic demand for credit...

Recognising these problems, some of the industrialists most concerned about a rising rate have called for Government action. Sir Arthur Knight of Courtaulds has called for a further relaxation of exchange controls beyond the two-stage dismantling already introduced, consideration of a two-tier interest rate structure (differentiating between home and overseas borrowers) and early repayment of overseas debts.

The official view is that none of these measures will have much effect on the demand for sterling in the short-term—however desirable a further easing of exchange controls might be in its own right to build up overseas assets against the day when North Sea oil revenues decline. Moreover, the experience of other countries suggests that such measures are likely to be counter-productive. The official view is that none of these measures will have much effect on the demand for sterling in the short-term—however desirable a further easing of exchange controls might be in its own right to build up overseas assets against the day when North Sea oil revenues decline. Moreover, the experience of other countries suggests that such measures are likely to be counter-productive.

The pressures for a change of policy will undoubtedly mount over the autumn and winter as profits fall and unemployment rises. And there is presumably a point at which an exchange rate—at which the Government will reconsider its approach, apart from announcing a further liberalisation of exchange controls. But at present the Prime Minister and Chancellor appear steadfast in their preference for a strong pound and a freely floating rate whatever the short-term cost.

MEN AND MATTERS

Art of seeing Whitehall's way

The Treasury will be awaiting with interest the outcome of what promises to be a somewhat hectic meeting tomorrow morning at the Historic Houses Association's offices in St. James's Street. The association will be presenting to the Treasury's proposed plan to do away with the system by which works of art may be accepted in lieu of death duties.

Several influential groups have been invited by the association's president, George Howard—of Howard Castle, York—to discuss this view. I gather that some of those invited are bitterly opposed to the idea.

The Treasury argues that when the £17m National Heritage Fund has been set up with annual subsidies from Government, this will be sufficient to cope with any works

of art or historic buildings which need "rescuing" after the owners die. The attraction of this idea is that Treasury will be off the backs of the heritage groups, thus avoiding any more Montmore muddles.

The opponents claim that it will merely let the Treasury "off the cultural hook," and that whatever happens it need never concern itself with the country's art treasures. Last year, works of art valued at £1.7m were taken in lieu of capital transfer tax.

The Museums Association, which will be represented at tomorrow's debate, has already said it believes the "in lieu" provision should stay. There also seems to be a division on the matter between the Treasury and Norman St. John-Stevas, the Minister who introduced the arts. He has repeatedly praised the provision.

Penny red faces

In dozens of countries, postal authorities will be putting out commemorative issues next month to mark the centenary of the death of Rowland Hill, founder of the British postal system. Only one country has made an historical game with any of these issues.

The British Post Office is augmenting its Hill series with a pictorial air-letter price 14p, showing a number of his stamps. One is captioned "The Penny Red, 1841"—but is a completely different stamp, a Penny Red plate of 1877.



"Drinks, cigarettes and share certificates are now on sale."

Death in the park

An incidental result of President Idi Amin's downfall is the most ruthless slaughter of game in recent years. Buffalo, water, buck, elephant, hippo and lion are being cut down by the guns of 40,000 Tanzanian troops stationed in Uganda.

The troops, with time on their hands after the liberation of Uganda, are shooting the game in the national parks and selling the meat to local people. Chief Warden William Ochira, in the Ruwenzori National Park, told a correspondent of the Financial Times who visited the park last week: "We fear that if this kind of devastation continues we shall be virtually left with nothing. We complain to the army officers but it has no effect."

Scoring stroke

A novel form of sponsorship by Jardine Matheson Insurance has proved a big hit. The group backed Essex to win the Benson and Hedges Cup, staking £1,500 at odds of seven to one. This was a fairly bold venture, since Essex had never won a trophy in 103 years, but the victory at Lord's by 35 runs on Saturday showed that the county was a good risk after all.

The £10,500 is now being given to the club. This kind of sponsorship, for companies with an instinct for winners, has all manner of possibilities. But to ask one delicate question, would the stake money be tax deductible?

Early warning

A reader who was travelling on the 17.40 shuttle from Heathrow to Edinburgh last week says that the plane was off the ground when the stewardess called over the intercom: "Would you please remain in your seats until the aeroplane comes to a complete stop."

Everyone froze. Then after a moment came a second message: "We will try that again. You may now smoke, but would you keep your safety belts fastened."

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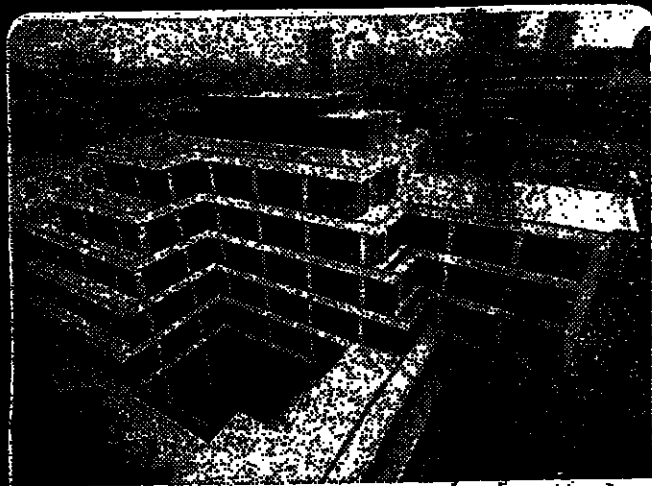
Monday July 23 1979

السوق العقارية

Property

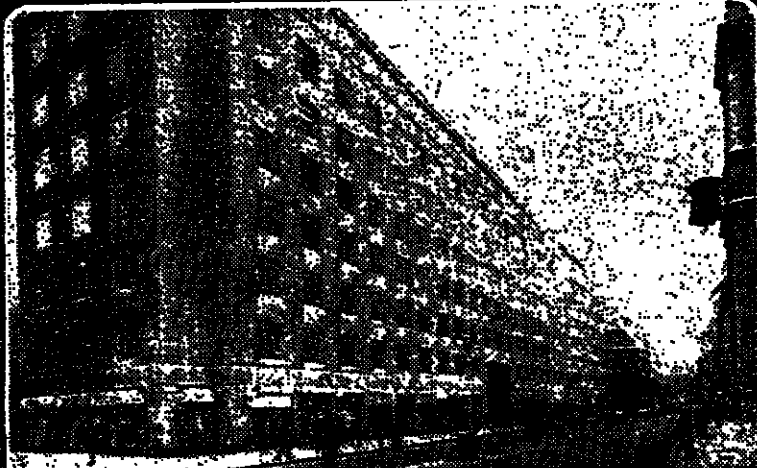
The UK property market is currently healthier than at any time since the early 1970s. Much institutional money is being invested, although the institutions have been criticised for preferring to invest overseas rather than broaden their portfolio spectrum in the UK. The office sector seems set to become the dominant area for developers in the near future.

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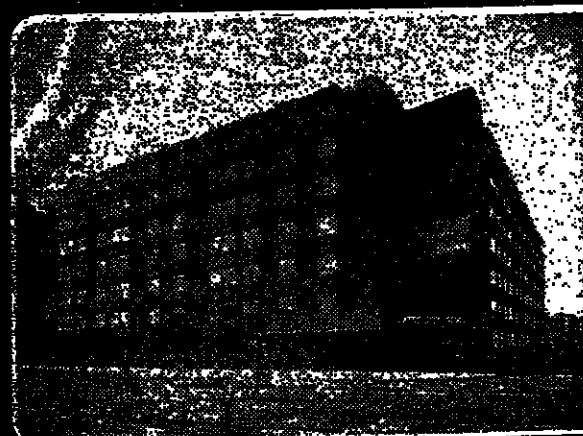
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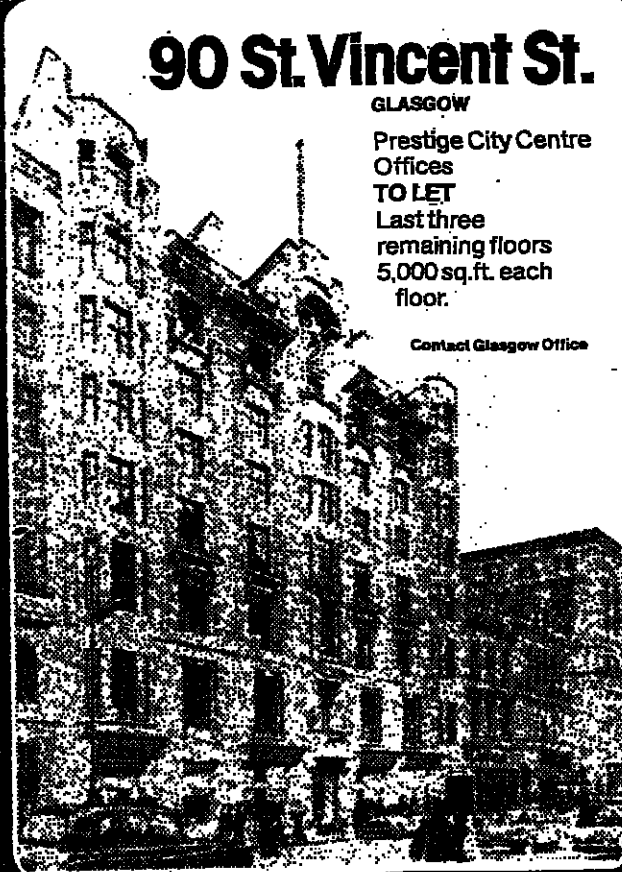
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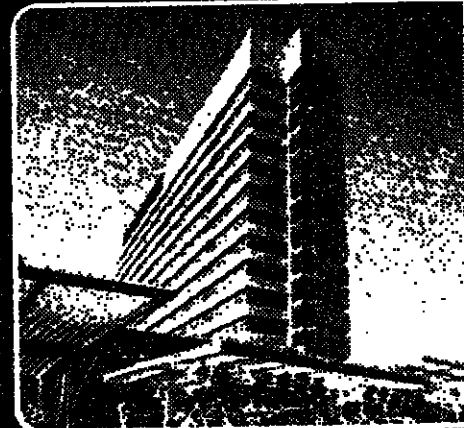
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Richard Ellis

PROPERTY II

New confidence is firmly based

By Michael Cassell

IT IS perhaps tempting fate to suggest that the UK property sector now looks to be on a firm footing, displaying an underlying strength, maturity and well-founded confidence which will not be easily undermined.

But it is difficult not to believe that the prospects for property— from whichever angle the market is viewed—look good and that the traumas of the not-too-distant past will in the final analysis have proved as positively instructive as they were destructive.

The property sector currently sports all the signs of the classic bull market. For the most part, property companies look healthier than they have done for years, following a pruning of development commitments, vigorous sales programmes, large-scale depleting and the resulting lack of exposure to short-term interest rates.

In the investment market, there has been a further spread of the realisation that property forms an important option in the investment portfolio, alongside equity and gilt edged stock. An unprecedented weight of institutional money continues to seek sound investment opportunities, pushing down and maintaining yields at low levels, irrespective of fluctuations in interest rates and returns from competing investment media.

Demand from occupiers for all types of accommodation has— notwithstanding some notable regional exceptions—continued to outpace available supply in many areas. The increased demand for space on top of the severe reductions of development activity has sparked off sharp rent increases—a 14-20 per cent compound rental growth across the three main markets during 1978 was the Richard Ellis estimate—and greatly improved the reversionary potential of many properties in advance of an active rent review period.

But over and above the factors of direct and immediate importance to the property sector, the emergence of a new Conservative government and its implications for the property world have become a major talking point.

As brokers Quilter Hilton

Goodison pointed out at the time of the Conservative victory, the property market has generally done better under a Labour administration.

For while Labour has been largely responsible for rising office rents and property values since the mid-1960s, as well as for encouraging institutions to invest direct in properties, the effect of the Conservatives' various economic measures on property in the 1970s has been "dismal."

Freeze

It was, reminded Quilters, Conservative policy which led to the big rise in short-term borrowings, the freeze on commercial rents and the introduction of development gains tax. So the question of what lies in store now that the Tories are back is of more than passing interest.

To date, they have announced proposals to dismantle the Community Land Act and to cut Development Land Tax from the temporary 80 per cent level to 60 per cent, two measures which may conceivably raise the supply of space and defate any inflationary rental trends which followed in the wake of increased demand for space.

But, as in the case of office development permits which are now due to be stopped, any details of the new generation of development controls (or non-controls) proposed by the Conservatives, remain sparse.

In essence, the severe potential constraints to development activity imposed by previous legislation have rarely had the opportunity to make any major impact, given the depressed state of the property development market since their introduction. The chances are that they will have disappeared from the scene altogether by the time their presence has had the chance to affect the course of events.

It is, inevitably, the policies of the funding institutions which will have the biggest say in the course of events. Last year, they put well over £1bn into property and all the indications are that the figure is set to rise substantially over the

medium-term, despite the problems of identifying sufficient numbers of properties which qualify for their "blue chip" portfolio approach.

Given the weight of money-searching for a home and the scarcity of prime investment opportunities it is hardly surprising that the institutions are now being exhorted from every angle to broaden what they consider to be the acceptable property spectrum.

There is evidence that this is happening to some extent, though there is an army of experts and advisers suggesting that the process could, given a fair quota of caution, extend much further than has so far been the case.

Equally with the funding of new development projects, the institutions are seen in their most cautious stance. One of the major differences between the current property scene and the post-crash days of the early 1970s is the substantially lower level of development activity and while no one would suggest a repeat of that situation there is without doubt a need for a fresh phase of development involving certain types of projects in specific locations. Certainly, the surviving ranks of developers cannot be expected to tackle the job alone.

The institutions could possibly do well to consider more of this type of involvement, rather than simply spreading the standing prime investment net further afield to foreign markets in which they are not necessarily so well versed.

The search for investments abroad is not a new phenomenon but the major upturn in institutional interest in overseas markets has been maintained in the past year and looks like increasing further with the recent relaxation in exchange control regulations.

Few institutions or advisers would underestimate the obvious risks associated with investment and development in any overseas market but the advantages of operating in some of them at least can be expected to outweigh the problems. The heightened interest in the U.S. has, for example, been

created not simply by a famine of prime investment opportunities at home but by changing market conditions in the U.S. which provide foreign funds with a chance of allocating a proportion of their money in a sound long-term market.

It is nevertheless worth asking whether all the funds now showing an interest in markets like the U.S.—and again in Europe—are reacting to a fashion as much as they are taking soundly-based investment decisions likely to stand the test of time.

On a more domestic note, there have been some fairly significant switches in emphasis during the past 12 months. Last year, offices began as perhaps the least popular sector from the investment point of view, though they are now perhaps the most sought after. As a result of reducing yields and the improved level of confidence both in the letting and investment markets, development activity is again on the increase. Some agents anticipate the office sector will become the dominant area for developers in the next 12 months—despite some well publicised reservations about the prospects for office investment by one major pension fund.

While the retail sector has been consistently the most active and most sought after for the past two years, there are now some doubts about its ability to maintain recently achieved levels of rental growth. There has been increasing institutional resistance to accepting current low yields, which were justified by such large rental increases, and one of the effects of the funds' reluctance has been a widening of the definition of acceptable retail investments. Second line towns, vacant units and department stores and supermarkets have been the beneficiaries.

In the industrial and warehouse sector, attractive areas for potential investment remain although the threat of over-supply persists and this sector above all perhaps demands a more cautious approach than the others.



The CBI has leased 103,000 sq ft of Oldham Estates' Centre Point (seen here from Oxford Street) at a rental of just over £7-a sq ft on a 45-year lease

LEGISLATION

Changing the rules

IN THE few months that the Conservative Government has been in office a number of fundamental legislative changes have been implemented which have improved the prospects for the property companies.

Among the changes so far implemented by the Government are the repeal of the Community Land Act, the abolishing of (ODPs) and the lifting of the exemption limit on industrial development certificates.

The most significant change has been the reduction of the Development Land Tax from 80 per cent to 60 per cent. The relief it brought was welcomed. But the move had a more symbolic quality than that for the tax was a legacy from the previous Conservative administration of 1970-1974.

Many professional property men have not forgotten the Conservatives for their 1970-73 boom, which was followed by legislation to curb development. The Conservative policy caused the property world a host of problems in the early 1970s. The sharp increase in the money supply stimulated heavy borrowing—largely short-term—by property groups in 1972 and 1973. So when interest rates eventually jumped in 1973 property groups were squeezed.

So far what the present Government has done for the property industry has been of help. The abolition of the Community Land Act and the Development Land Tax amendment should encourage an increase in the supply of land available for development.

Property companies are ready to take advantage of the new conditions. The recession which followed the boom of 1970-73 had its positive side. It caused many property companies to proceed with more caution, a caution which has been carried forward into the more buoyant market conditions. After substantial programmes of sales and a cut-back in development

activity many property groups balance-sheets are healthy.

Short-term interest rate movements are not such a critical issue in the life of a property group's affairs as they once were. Moreover, companies are very cautious of expansion, particularly when the developments are not pre-financed or pre-let.

Rents are rising, a trend which is expected to continue over the next few years owing to a reduction in the supply of new space caused by the cut-back in development activity. There should be an increased demand for space, especially if the Government keeps the economy on an even keel, which should lead to a further strengthening of rents even if development activity revives.

Repeal

But for the short term the relaxation of the Development Land Tax and the repeal of the Community Land Act could lead to an increase in development activity and therefore a rise in the supply of space in the medium term, which might prevent a sharp increase in rents.

The Government is committed to a wide-ranging property programme. Council houses are being sold at improved discounts to increase the level of home ownership. The Government has lifted restrictions on new town development corporations building houses for sale.

A new register may be created to allow the public to challenge unnecessary land hoarding by local authorities. As a first step the Government has abolished the requirement that Crown land be offered first to local authorities. Local authorities would be expected to offer surplus land on the open market.

The Government has also cancelled a rating revaluation on 22m properties in England and

Wales, which means that those who have improved their homes in the last five years will not have to pay higher rates as a result. These measures, some of the more hard-bitten property men would argue, are political icing on the electoral cake, and that is the way they would like it to stay. What they want to see is an absence of Government interference in their business affairs and a chance to practice some red-blooded capitalism.

The property man has often been seen as a convenient bogey-man by governments of the day, and one whom it is easy to take legislative action against while remaining popular with the wider electorate.

Earlier this year stock brokers Quilter Hilton Goodison observed in a circular that "Government seems to have realised that property is still the foundation of commercial life even in a mixed economy."

foundation all too easily undermined by uncertainty. As a result, the political climate for property has improved, but the possibility cannot be ruled out that a future government will again wish to divert attention from its own shortcomings by seeking to impose further punitive legislation.

Under the present Government that seems some way off, and the approach to the economy is altogether different from the criteria of the early 1970s.

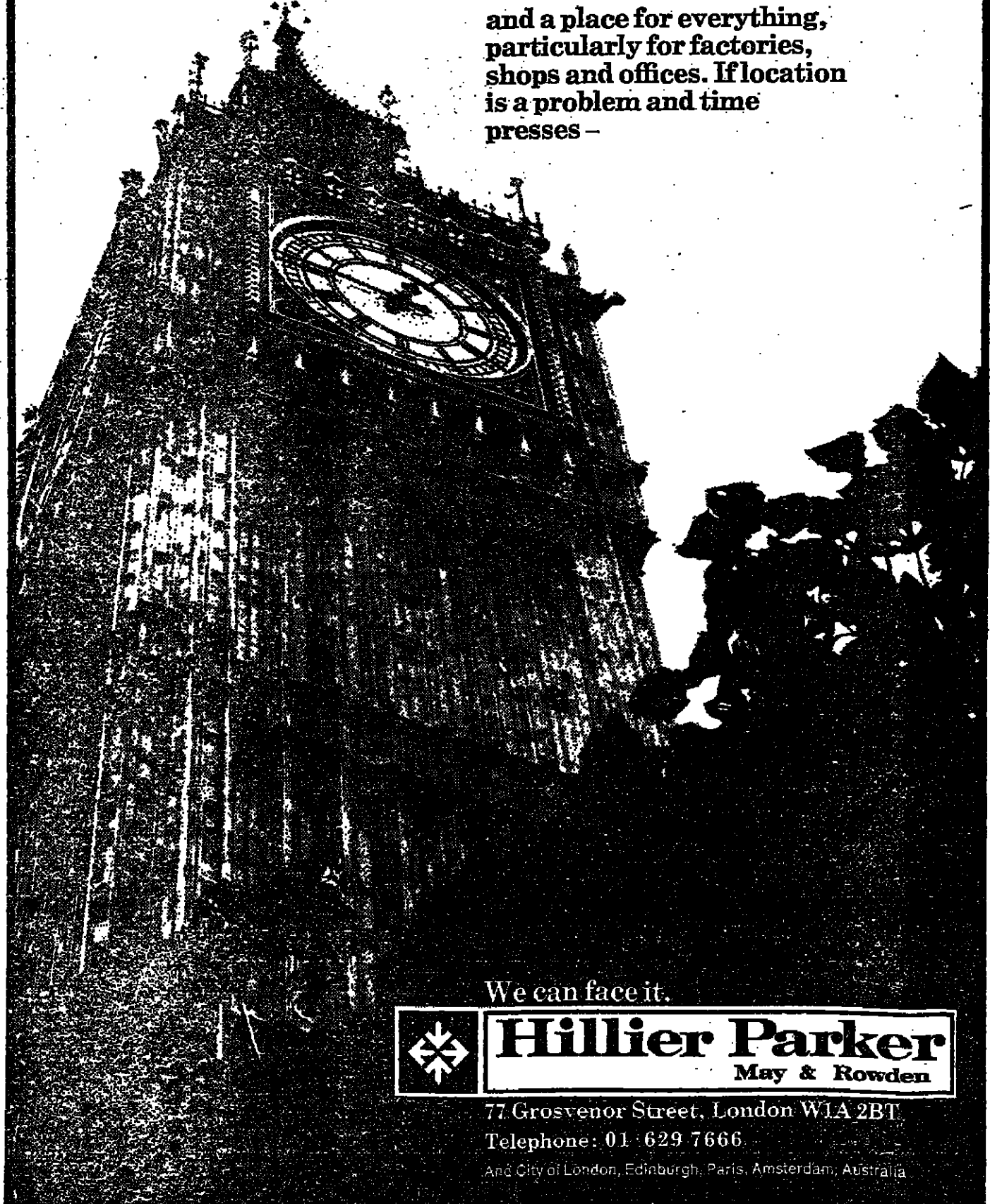
With a new Government and improving market conditions, the property industry is looking for a chance to pursue its opportunities with the entrepreneurial flair with which it established itself.

But after its last experience with a Conservative Government the industry is likely to proceed warily.

John Moore

There is a time

and a place for everything, particularly for factories, shops and offices. If location is a problem and time presses —



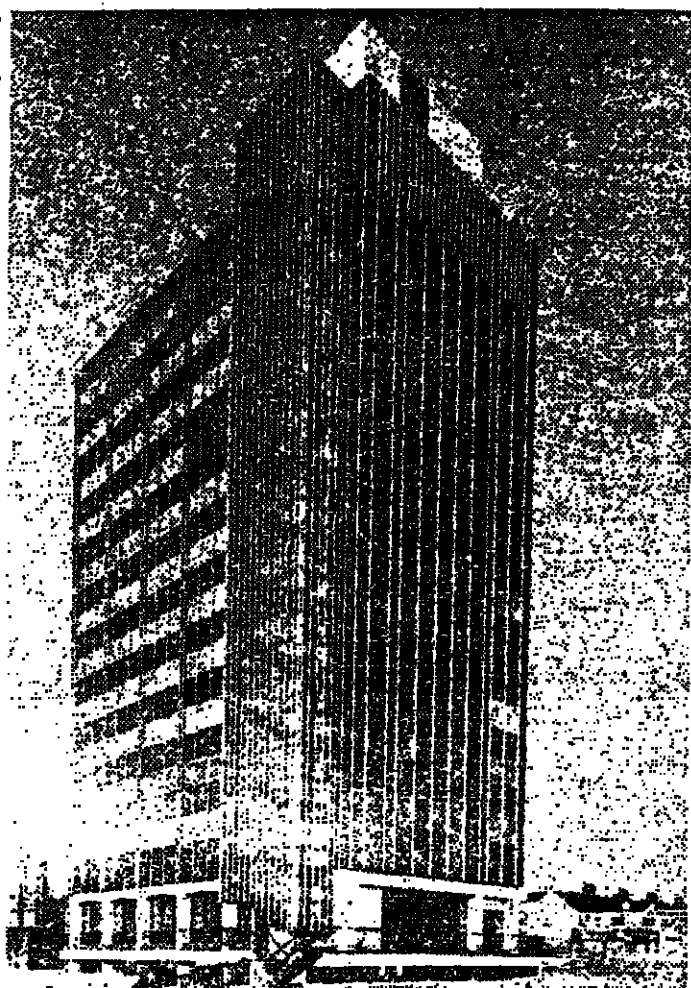
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Wurdam Investment, the property holding company of Allied Breweries Pension Fund, recently purchased Essex House, Southend, for £3m. The block is let to Access

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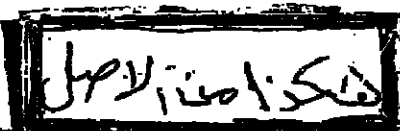
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THE YEAR IN REVIEW

Brisk investment market

In the past 12 months yields have been at a low—shops at 10 per cent and industrial premises at 8 per cent—but a 10 per cent yield was achieved in the first six months. Yields have been generally stable but there has been a slight increase in the second half of the year. Observers expect a further increase in yields as the micro-economy becomes standard. The rise in the mortgage rate has had a slight effect on property yields used to be compared with those of government securities. When the gap widened, property

yields rose to close it. Now, after a decade of boom and then recession in rents, investors in property have seen the defensive power of their buildings. Even at worst, the annual rental growth more than matched a 20-year investment in Government stock whatever the initial yield. Even at under 5 per cent, shop rents since 1970 have well outperformed the 12 per cent per annum growth they have needed to achieve to match gilts at peak. The assurance of this level of growth has kept institutional investment in property at a high level of competitive activity, thereby underwriting the capital value of individual buildings and of property companies' portfolios. The single biggest purchase of the year was by Prudential

which paid £33m for the leasehold of EMI's new headquarters development on London's Tottenham Court Road. Ironically, that gave no pointer to the values institutions are prepared to place on properties as it was a special arrangement (the Pru was already the freeholder) involving both staged payments and a high level of rent by EMI which is undergoing drastic surgery to cure its financial ill health. Other deals, however, proliferated, which dispelled once and for all the myth that institutions demand a heavy reduction in price for large scale purchases. The Prudential was involved in yet another purchase which proved that prime buildings, whatever their capital value, command as low yields as the erstwhile favourites worth

around £1m. It was the successful buyer of Juxon House on Ludgate Hill, which fetched just under £16m, indicating an initial yield of 4.7 per cent. The Post Office Pension Fund obtained a 6 per cent yield when it bought 129, Kingsway, London, W.C.2, for £12.5m, as did the BBC pension fund when it bought the nearby St. Catherine's House for £14m. The high prices paid by the institutions began to be reflected in valuers' certificates by the beginning of the year. Most spectacular of all was that produced by the Corn Exchange Company in defending itself against takeover. The company's assets consist of one building—the Corn Exchange whose lease, physical appearance and overall specifications have remained unchanged for several years. By

mid-year, the building was valued at £13m. Only eight months previously it had been considered worth no more than £9.5m and that was a significant increase on the £8m attributed to it 12 months earlier. Analysts scratched their heads over this valuation until it was followed in short succession by Capital and Counties which announced a 34 per cent increase in its portfolio over the 12 months. (Even after allowing for the freak performance of the Victoria Centre, Nottingham, this still meant an overall 24 per cent for the remainder. Then Land Securities, whose biennial valuation is the sector's benchmark, produced a valuation certificate of £1.2bn—a 43 per cent increase over two years.



Laing Properties is to refurbish 4 and 5 Fitzroy Square, London, W1, part of an 18th-century terrace designed by Robert Adam. Strutt & Parker and Stuart Nettis & Co. are joint letting agents

percolating through of individual purchases on the Continent—mostly of shops—but in the early summer the National Coal Board pension funds topped the field with the announcement of a \$144m (£70m) offer for the quoted U.S. group Continental Illinois Properties, a property holding company. British Gas pension funds have committed themselves to \$10m per year investment in U.S. property but the U.S. was not only for institutions. European Ferries has put down \$33m (£15m) now and committed itself to a \$250m (£123m) 10-year multi-purpose development of 300 acres of downtown Denver.

Notwithstanding the activity in the investment market during the year, both at home and abroad, the limelight was stolen by the property companies themselves. Star performer was English Property Corporation which became the centre of a four-way Dutch / English / Canadian auction which started at a cheery 37p per share and finally was knocked down to the Reichman family (one of two sets of Canadian brothers who survived through to the six and seventh round) for 60p. The successful bidder received a property portfolio—excluding the half share in the Canadian quoted group Trizec which was the real prize—of £230m. And the fun may only now be starting. Word is

out among the London estate agents that the entire European portfolio, £132m of it in the UK, may be up for sale. Takeover rumours and mergers amongst the smaller property companies also kept the sector buoyant in the stock market where shares were already, in many cases, standing at a premium to rising asset values, supported by a steady return to the dividend lists of all the giants wounded during the 1974-76 debacle. By summer, the fold was welcoming back to the fold even such troubled groups as British Land, Capital and Counties and Town and City. Before that MEPC had held its own special celebration by announcing a £36.5m rights issue the proceeds of which were to be earmarked for an ambitious development programme. Shareholders responded with alacrity as they had done earlier for untroubled Slough Estates and unruffled Halesmore. A number of other takeovers, strictly outside the property sector, also got their flavour from asset revaluations. Since the early spring, the retail sector has been alive with the flotation of new companies—such as B and Q (Retail)—a chain of 26 DIY shops whose issue was oversubscribed 64 times on expectations of asset growth as much as earnings potential—and the takeovers of new and old.

Centre Harris Queensway, for instance, itself a newcomer to the market, was prepared to pay

£27m for 180 shops owned by Hardy and Co, but making no profits. International Stores bought the MacMarkets chain of 64 shops from Unilever at a deferred price worth £25m or so despite the fact that the MacMarkets chain is thought to be only barely breaking even. Ostensibly all these deals were retail mergers supported by the high price of shops, but Leslie Porter, chairman of Tesco, openly declared early in July that they were really about buying sites and not businesses. Tesco bought out the Cartiers Superstores chain of 17 stores with a combined net sales area of 240,000 sq ft for £19m. Eight new sites on which building has yet to start were also involved. Mr. Porter admitted that acquiring such a string of sites and shops in the open property market would have cost him anywhere between £25m and £30m.

His observations put the gloss on the property year which had begun to shine under the new Tory Government that immediately set about dismantling the Community Land Act, abolishing Office Development Permits and virtually Industrial Development Certificates, approving the presence of institutions in the agricultural field, and reducing Development Land Tax to a supportable level. It was also the year in which Centre Point, empty since 1965, was let to the CBI.

Christine Moir



The freehold of 26-40, Broadwick Street, London, W1, is on the market through Debenham Tewson & Chinnocks. Offers of over £2.5m are being asked for the 64,000 sq ft property

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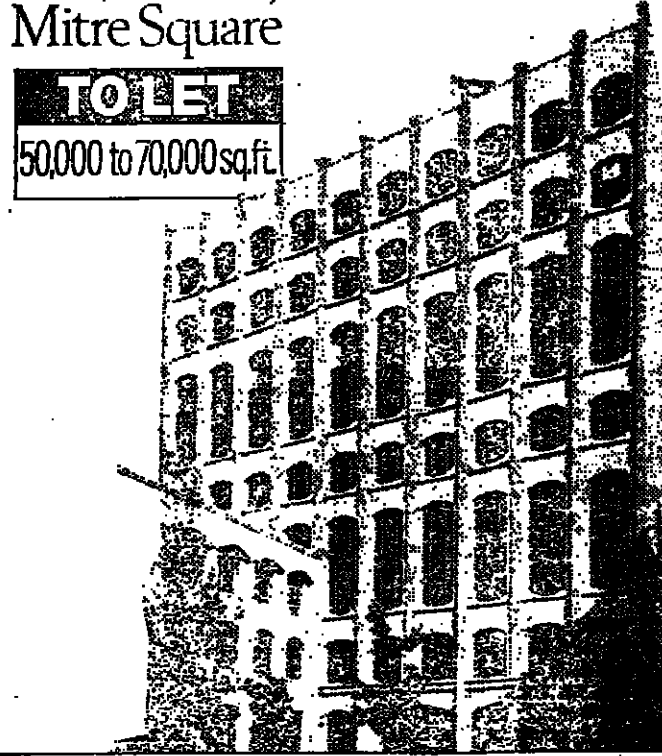
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PROPERTY IV

SHARES

The recovery continues

THE FINANCIAL TIMES property share index has risen by almost 50 per cent during the last 12 months—during which time the outlook for property shares had not looked so bright since the boom days of the early 1970s.

Since July last year the property index has climbed from around 337 to 348.79 (at the beginning of last week). For much of this period property has been the top performing sector of the Stock Exchange. By comparison the FT 500 share index has risen by only just over 13 per cent over the past year and the FT 750 share index by just over 12 per cent.

During this period property shares have continued the recovery begun in 1977 when the first signs began to emerge that the UK commercial property market had at last begun to turn the corner—with interest rates and rental growth beginning to take off. This improvement has continued and in some areas rents have now surpassed their previous peak struck in the boom market of 1972-73.

In October, 1978 the property index was still languishing at around the 355.19 level, having sunk as low as 79.19 during the crash—from a previous best ever level of 357.4. This peak was surpassed earlier this year, with the index standing at over 370 in May, but since then prices have eased back across all sectors following the pre-election stock market fever.

The ideal conditions for a rising property share market are the anticipation of a combination of falling yields and interest rates, rising rents and a predictable Government policy towards property, preferably favourable. Most important of all there should be strong and stable demand for investment opportunities chasing a falling supply of available space.

Most of these factors—particularly the two most important ones—were present in the property market last year. It has been estimated that the institutions, the major pension funds and the like, spent more than £1bn on property last year and this sum may be surpassed in the current year.

Institutional demand for

prime property has never been stronger. These bodies see property as an essential hedge against inflation and recession, the twin evils which erode their earnings and cash balances. This increasing involvement of the institutions has perhaps added a stability to the market which was not present, certainly in such force, during the last property boom.

At the same time the strong institutional demand for top properties has led to a diminishing supply of prime office, retail and industrial space with new development at a low level. This has only served to push up rents and capital values and chase down yields to around a current average of 4 per cent for prime retail space and around 4½ per cent for prime office space.

Reduced

Brokers Joseph Sebag in its Property Share Guide for 1979 points out: "In December 1973 available space in the City was in excess of 3m sq ft, which was reduced very rapidly to 700,000 sq ft by December 1973. By December 1974 available space was 2.3m sq ft and by December 1975, 5.4m sq ft. Rental levels during this period clearly reflect these figures, and the subsequent flattening out of the increase in available space was reflected first in the deceleration in the fall in rents at the beginning of 1976 and in a rising rental trend by the middle of 1977."

Sebag points out that available space in the City had reduced from 5.4m sq ft in December 1975 to around 3½m sq ft by last year.

At the same time interest movements over the past 18 months have proved to have had much less impact on property company balance sheets than previously. Most companies have learned the lesson from the 1973-74 crash, and gearing ratios have been brought back down to more realistic levels. Thus, although movements in the minimum lending rate have been volatile, during this period, most companies with a reduced level of debt have been able to weather the periodic interest rate storms.

An extreme example of this is perhaps Town and City Properties, still struggling to

recover from the crash. Figures published a fortnight ago show that Town and City have managed, on the back of its reduced interest bill, to reduce its annual pre-tax loss from £23.3m two years ago to £13.9m last year, despite the fact that interest rates were generally higher in 1978 than in the previous 12 months.

This has been achieved through a massive property disposal programme. The growing strength of the property market is further shown by the fact that this year Town and City has raised £20m through the sale of properties with a book value of £7m. In the previous five years Town and City had raised a total of £345m from disposals but with a surplus over-book value of only £24m.

Thus conditions in the early months of this year were extremely good for property shares. Rents were continuing to move upwards, yields were down to historically low levels, and the level of available space was continuing to be eroded in the face of strong institutional demand. Moreover interest movements during the early part of the year were on a downward path further accelerating the rise in property shares.

In addition hopes of a Conservative Government brought the prospect of an end to dividend restraint and, given that property companies traditionally distribute most of their earnings to shareholders, this further enhanced the value of property company shares. The result was that share prices rose to the point where there was

only a slim discount to net asset values and in some cases even a premium. This compares with the established pattern of the past few years where for top companies share prices have been at least at a 20 per cent discount to net asset values.

This has led brokers Quilter, Hilton Goodison to suggest that some of the recent upward movement in share prices has been prompted as much by anticipation of dividend yield as by the rise in asset value—the more recently accepted measure of share value.

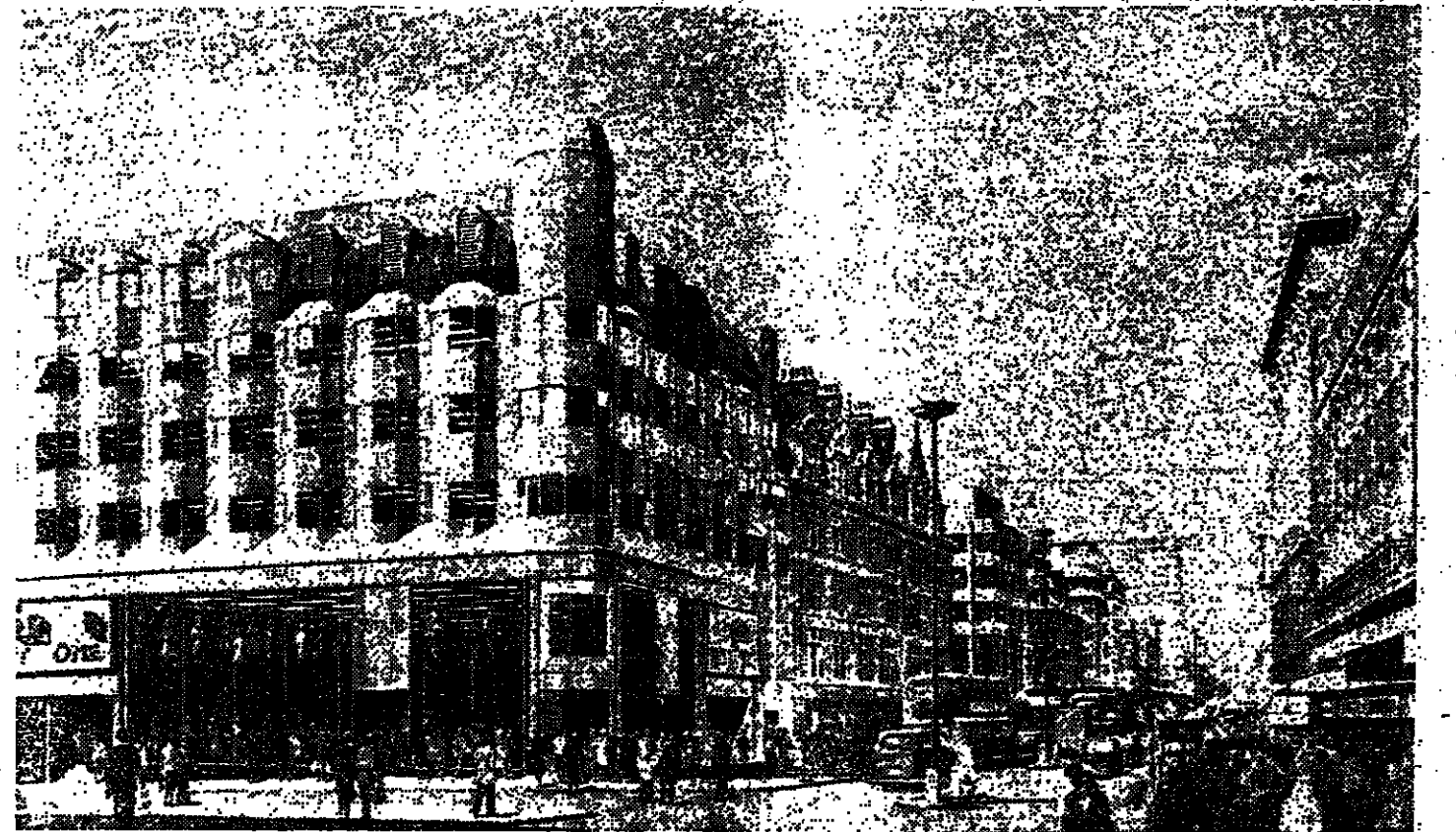
However, the upsurge in share prices over the last 18 months or so may have now run its course, at least for the time being. Some brokers suggest that the narrowing of the gap between asset and share value

indicates that the sector may be over-valued and that investors are already discounting future rental and dividend prospects, including rent review.

Since then, of course, minimum leading rate has risen to 14 per cent, which may add some pressure to the sector. Another question mark over the sector is the still low level of new development, and there is still no sign of increasing confidence in this area despite the unwinding of restricted legislation and a lower level of development land tax.

But medium-term the prospects for property shares continue to look good, with institutions still urgently seeking prime property investment opportunities.

Andrew Taylor



An impression of MEPC's £25m shopping centre over Bond Street tube station in Oxford Street, London, W1, construction of which is under way

DEVELOPERS

Back to the risk takers

SINCE THE Tories became the Government in May many of the political restrictions which have been claimed as the brake on property development have been dismantled.

Office Development Permits and Industrial Development Certificates are both virtually abolished in the wake of the new approach to regional planning. Intention has already been given by the Government to "dismantle this cumbersome and expensive piece of bureaucratic machinery"—otherwise known as the Community Land Act—which, contrary to its aims, had reduced the supply of land and created higher prices.

The Community Land Act was brought in in 1975 as a tool whereby the community would reap the benefit of the gains in value when land is transformed by planning permission. But as it transpired—and property men had known all along—local authorities are just not the sort of institution which can, in the words of one leading developer, transform "rubbish land into Triple A sites".

In certain areas, such as Wales, the Act was used imaginatively by Government bodies to strengthen their existing powers of compulsory purchase under the planning acts. Elsewhere, activity under the Act was negligible. In England as a whole only 3,600 acres of land had been acquired under the Act. Furthermore, although it was always intended that the authorities should pass the land rapidly through their hands—extracting the development

value en route—and back to builders and end users, only 200 acres had been resold.

The Tories now intend that site assembly goes back where it belongs—to the risk takers. All that is left of the former legislation is the single element on which there had been fairly general consensus—the principle of redistributing part of the capital gain back to the community which had created it through granting planning permission. That gain will continue to be taxed, through Development Land Tax, but the level has been dropped to one which recognises the risk taken by the land purchaser and which does not seek to catch minnows in its net.

Combined with the ending of ODPs and (almost certainly) IDCs, the political climate for development is now better than it has been for many years. And development has begun to gather pace after several years of virtual stagnation.

Ironically, the two are only coincidental. The change in the political climate, though welcome, is only peripheral to the reasons why property men are dusting down their development programmes. The central factors are to be found in the combination of the shortage of supply due to the slowdown in construction since 1974, and the uneven impact of inflation, which is increasing rental values more than building costs in certain areas.

Not everyone believes that the economic climate is yet right for a resumption of deve-

lopment. Mr. Sidney Mason, chairman of the Hammerson Group, for instance, is one who fears that a new bout of development is inappropriate just ahead of what looks like a major, worldwide recession.

Legislation

He also puts his finger on one factor which has yet to affect the halls of bureaucracy. Anti-pathetic legislation may well be dismantled, but the interminable maze of planning remains despite committees of inquiry and strong recommendations. It still takes far too long for a scheme to win final approval, and that means the developer taking anything up to 10 years risk on his project. That risk, according to Mr. Mason, is unjustified.

There is some reason to believe that planners are attempting to reduce the duration of the consent system, but too many projects are still being abandoned on the grounds of delay for that belief to have crystallised yet into real expectation.

Only two months ago the Heron Corporation pulled out of its proposed £80m multi-purpose development on the Coin Street site next to London's National Theatre. Planning was taking too long, the company claimed, and the cost of getting consent was too high. Planners were demanding £1m worth of extra conditional and community fac-

ilities to be donated free by the company as the price of consent.

Other examples abound where commercial groups have finally refused to resubmit altered schemes because the local authority has had another change of attitude towards "traffic flow" or "site use" after perhaps 15 years of discussion.

Other companies, however, have girded their loins for one more assault. In recent months a number of projects which have been in the pipeline since the 1960s have got the green light. One such is Town and City's £10m development in Cambridge Circus on Charing Cross Road, which could now produce the estimated 145,000 square feet of offices, 20 years after it was first proposed.

So far advanced is the project that the disclosure by Inter-European Property in its plans for a £10m entertainment complex sparked off a bid from Associated Communications Corporation (formerly ATV). It would not always have been so. In the 22 years since the first redevelopment plans for Piccadilly were drawn up many a developer's blueprints have come to nothing.

Other recent development announcements, however, have not just involved the dusting down of old plans. Slough Estates is currently undertaking £90,000 sq ft of new building and 100,000 sq ft of refurbishment. It plans to spend £40m on development over the next three to five years, of which £7m is to be spent on modernising

CONTINUED ON NEXT PAGE

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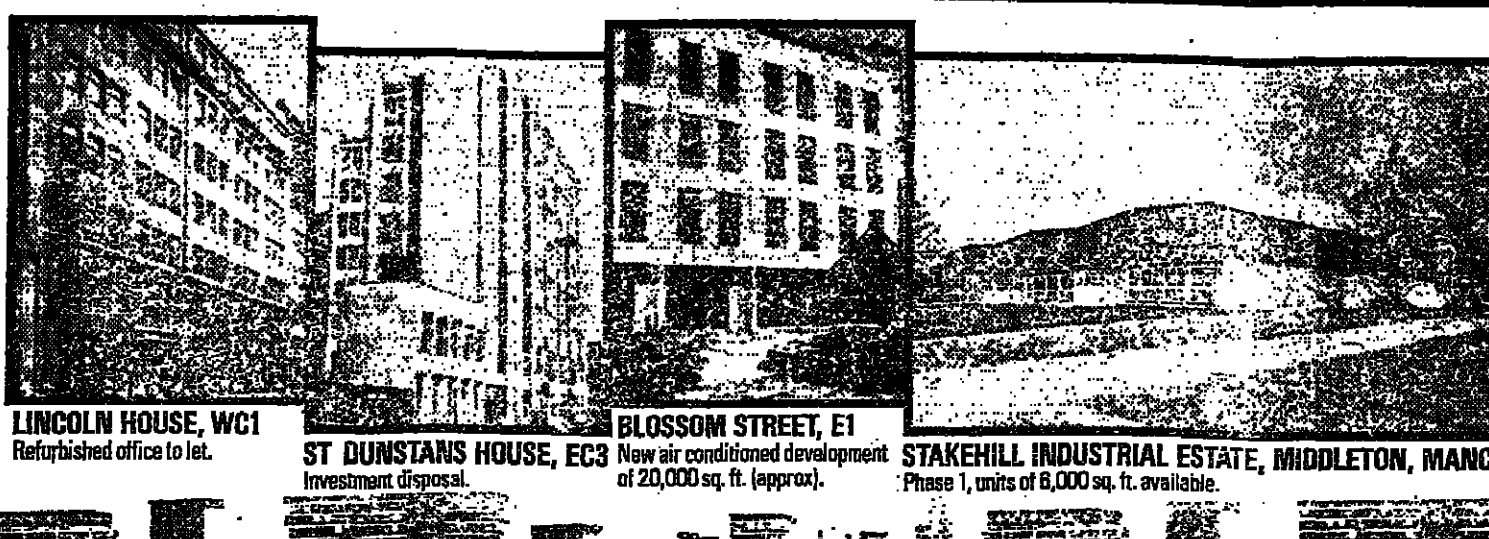
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مكاتبنا في لندن

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INVESTMENT

Worthwhile yields

THE CONTINUING strength of the commercial property investment market during 1978, in the face of rising interest rates and a volatile equity market, seems to have fully vindicated the forecasting activity recorded during 1977.

In the past year, yields trends for property remained remarkably constant and investment in the sector showed fundamentally little, if any, outside factors. Underlying the belief that property still provides the most stable investment with the capacity for growth to combat inflation.

The principal factors which enabled the market to behave in this way included, first and foremost, the sheer weight of institutional money seeking a home. An increasing cash flow has been made available for property investment from the traditional property-investing institutions in the UK, so much so that sharpening yields and rising competition for good investments, coupled with the need to extend portfolios, has led to a resurgence of interest in overseas acquisitions.

In the UK, official figures for last year show that the net investment of superannuation funds totalled £3,980m, of which about 56% went into property either directly or through unit trusts. Insurance companies' property acquisitions were thought to have totalled £540m, or about 18 per cent of their total investments for 1978.

in hands of receivers and liquidators. At the same time, development activity has been sluggish, largely a legacy of the last property crash, which left funds and developers hyper-cautious, and because the economics of new construction have in most localities only recently begun to justify new programmes.

Traditionally, offices and shops have predominated in institutional portfolios, and an attempt to redress the balance provoked the sharp fall in industrial yields towards the end of 1977 and in the early months of 1978. As a result, some institutions were saying last spring that the industrial sector had overvalued.

Scarcity

Currently, yields on prime offices stand at around 4-4.5 per cent, prime shops at around 6 per cent or even below and industrial at about 7 per cent. Further falls are largely dependent on an increased premium being placed on scarcity value. With the amount of money available for property investment and the outlook suggesting a continuing shortage of properties, it is difficult to envisage any marked variation in yield rates.

Every forecast now suggests that the "weight of money" factor is likely to remain a major determinant in the progress of the property sector. With pension fund contributions set to grow in line with some fairly substantial wage increases, pressures of the investment market will remain, and the Henley Centre recently suggested that the estimated £1.2bn-£1.3bn of institutional funds sunk into property last year could reach £2.45bn by 1984.

The funds, to whom property is now as much valid portfolio

alternative as gilts or equities, are therefore confronted with a dilemma: they can either pursue yields down further, effectively widening the yield gap between property and other investment media, or they can broaden the spectrum of properties which fall into the acceptable category.

The "non prime" argument is likely to provoke heated debate whenever it is raised, but there is no doubt that the institutions' attitudes are perceptibly, if slowly, changing as their experience and confidence grows.

There are no end of observers telling them that the time has come for a broadening of old and somewhat narrow horizons, with their excessive attention to "prime" having proved a material factor in the limiting of supply relative to demand.

The claim is that, outside of prime, there are plenty of opportunities capable of being bought at suitably discounted yields to reflect the increased risks and lower potential for future rental increases.

There is no doubt that recent pressures have seen the institutions widening the definition of "prime investment" to include second line provincial locations, although their attention remains firmly anchored on what would locally be regarded as prime property.

Some agents believe that much more consideration should in particular be given to the purchase of secondary properties, especially those which are only regarded in this light because of a poor lease structure. They also feel that the scope for active portfolio management is substantial, with opportunities to turn comparatively secondary investments into first class holdings at considerable profit.

As an alternative, the institutions have turned their attention to overseas markets, and although it is difficult to assess the extent of their current interest in foreign investment, the trend is on the increase and is likely to establish itself given the relaxation of exchange controls and the ability to place 55m a year in any one project outside the premium.

tions, in regard of weight of money, could eventually be solved, however, by Government persuasion or outright direction. The UK remains one of the few western countries left which does not legislate to ensure that a proportion of investment is allocated in particular ways.

But there is one other area in which the institutions are being accused of excessive caution and in which action on their behalf could be expected—the funding of development propositions as opposed to standing investments.

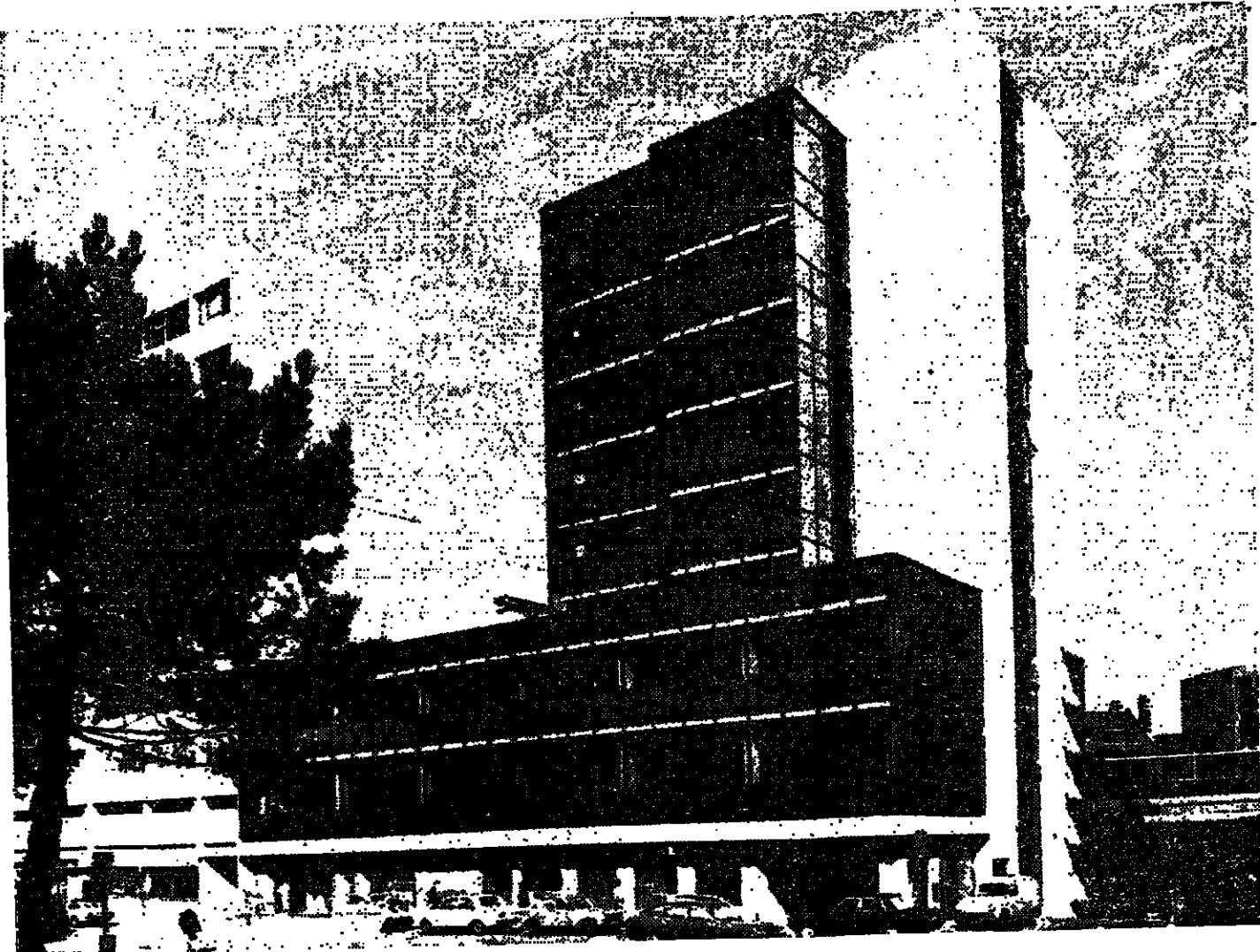
Opinions vary on the extent of present institutional involvement in the provision of speculative finance, though there is a fairly widespread feeling that, whatever their existing level of commitment, it could and should be greater.

Many of the major funds are now apparently prepared to provide speculative finance and some are undertaking schemes themselves, with a developer acting as project manager. Small pension funds, however, still appear reluctant to consider risk situations, although they have been prepared to enter into forward purchase agreements when a pre-letting is arranged.

Funds have been prepared to provide finance not only for industrial and warehouse developments, which up until now have been the most popular, but also for new shop and office schemes. At one stage a noticeable yield advantage was obtainable on a development, but this gap has narrowed considerably and there can now be a difference of only a 1 per cent between a comparable created investment and a development.

As for the medium-term prospects in the property investment sector, there is a belief, and not a little evidence, that the annual inflation rate is set to rise substantially, making any withdrawal from property investment by the funds a highly questionable act. Perhaps rental growths recently achieved will not be maintained, but the relative attractions of the property investment field seem unlikely to diminish.

Michael Cassell



The 41,000 sq ft of air-conditioned office space in Heron House, Bournemouth, is available for letting through agents Jones, Lang, Wootton and Goadsby & Harding. The ground floor plus basement have already been let to National Westminster Bank.

Risk takers

CONTINUED FROM PREVIOUS PAGE

ing the power station on the Slough Estate. Capital and Counties has just won the right to develop the 300,000 sq ft town centre in Wakefield, is building an office block in Lewisham and refurbishing West Halkin House.

But the property company which is resuming development on the largest scale is MEPC. Earlier this year MEPC had a successful £36.3m rights issue (87 per cent taken up by shareholders) for the purposes of funding its current development programme. This includes five city centre schemes and plans for the U.S. and Australia. Top of the list is the £25m West One shopping centre to go ahead over Bond Street tube station in London's Oxford Street.

Together with its commitment to the 250,000 sq ft office block on the former Odhams site in Covent Garden, this would represent a major programme. But there is also the likelihood of resumption of the 500,000 sq ft Boars Lane shopping centre in Leeds.

While the property companies are reviving their programmes it is the retail groups which are really pressing ahead with the mammoth projects. Both Marks & Spencer and Tesco have announced that they intend to spend £300m over the next three years on new stores and on upgrading and extending existing ones. Sainsbury's plans are almost of the same order.

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Retail

Although office and industrial developments are again being undertaken, retail schemes are far outstripping them in popularity. There is growing concern among investment advisers that

the boom in retail rents may be drawing to an end, but the level of rents achieved so far does make new building look viable even in suburban or fringe provincial sites. Institutions are far more likely to fund such schemes on a speculative basis—and in any case retail chains are eager to sign up pre-construction leases—than they are for office or industrial schemes.

Overall the past 12 months have seen a marked recovery of confidence by developers and the rebirth of significant activity in this area. Those who watched the property collapse in 1974, from which even the leading companies are still only recovering, are beginning to express fears that financing costs may get out of hand again. So far, however, that does not appear to be the case. With property shares now relatively strong in the stock

market, more companies will be encouraged to fund their schemes through equity capital, a la MEPC, Slough Estates and Haslemere. Others have forged strong institutional links and produced plans which meet their stringent requirements for long-term funding and final purchase.

Bank lending is still restricted by the "corset" imposed by the Bank of England and by the tacit agreement that property development must take lowest priority. However, there are some signs that enthusiastic entrepreneurs are persuading bank managers to lend against their hopes and the promise of great expectations. One can only hope that the lessons were learnt in 1974 and 1975 and that the expectations are scrutinised with true objectivity.

Christine Moir

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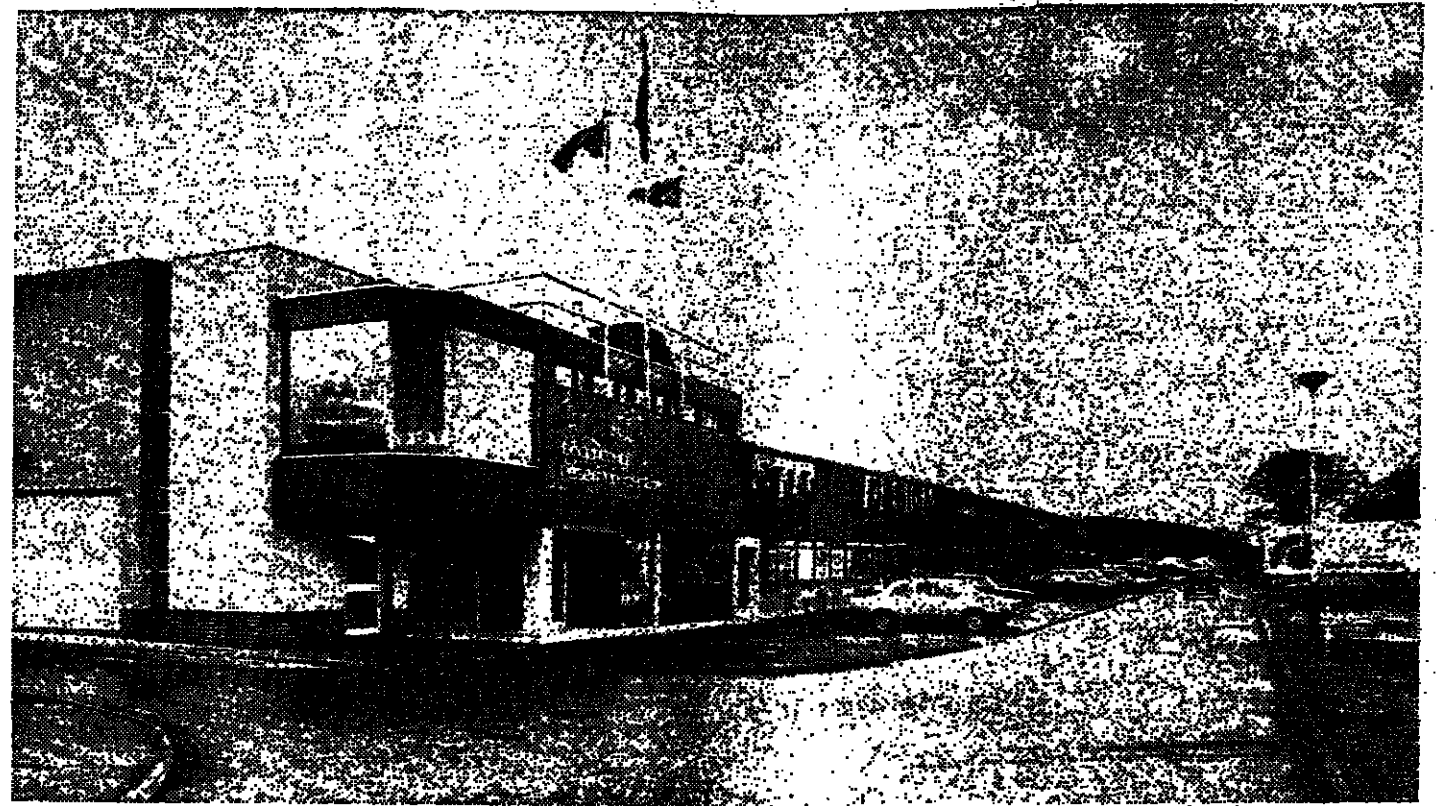
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Commercial
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Commercial

WHEN LOOKING at the UK industrial property market during recent years one is faced with almost paradoxical impressions of a healthy level of industrial development and enthusiasm for investment against rather unimpressive times for industry. Admittedly, there are significant numbers of exceptions to such a broad generalisation, especially industries benefiting from the upturn in consumer expenditure over the past 18 months. Nevertheless industry often appears to be reluctant or unable to invest, yet there is an expanding industrial property market with some institutions pushing very hard to invest and driving down yields on the way. However, deeper analysis

shows that the gap between the industrialists' requirements and the enthusiasm of the developers is perhaps not as wide as it may appear. For a start industry's coffers do not appear to be overflowing. A recent Financial Times survey of companies reporting results for the calendar year 1978 shows that the average trading profit increase for the 355 companies included was just under 10 per cent, while thanks to lower taxation, the advance at the earnings level rises to 15 per cent. Moreover, the economy has not blossomed overnight, yet even with the fears that overhang the west with the current energy crisis there does appear to be a steady flow of industrialists willing to commit themselves to capital expenditure. No one is suggesting a need to overhaul the country's stock of industrial property, but the flow is sufficient to keep the developers and the investing institutions happy.



Part of the Hillend Industrial Estate in Fife

house demand—and it has been a very significant feature in new property—does not necessarily bear direct correlation with industrial activity.

Another consideration of whether industrial property development is just meeting or outstripping demand is to try and put in focus the amount of space coming on stream. During 1978 new building was adding no more than a couple of percentage points to the stock of industrial building. And that figure takes into account pre-let purpose built units and extensions to existing works.

Within the formula allowance must be made for the amount of industrial building lost. Often new building will take place on an established industrial site, and the effects of modern building regulations, coupled with extra facilities needed for the movement of modern heavy trucks and for staff parking, means that it is reasonable to expect that space is being lost on redevelopment.

So balancing the various factors, the market may be no more than coping with the industrial need and perhaps adding a little extra. If the assumptions are right there is no need to fear the problems of an oversupply of space, with the resulting headaches for developers and their financial backers.

Yet the future of rapidly rising inflation, the political scene in the UK, the possibility of union confrontation with Government and an oil crisis whipped in for good measure could cast doubts over the wisdom of continued investment at current levels. Still, to date the institutions have been happy to direct investment into the industrial market.

Perhaps under the pressure of mounting criticism from the Government some years back that the financial institutions were not directing enough investment into industry, an increasing flow of funds found their way into the industrial property sector. Initially investments were made into completed industrial buildings, but institutions soon found themselves forwarding funds for development. It could be said that led the way out of the slump in the property market.

Similarly it is often claimed that the revival in the property market, and especially industrial property, was founded on the institutions looking for sources to invest their vast cash flows. For institutions investment in property must present conflicting ideals. The market is far from perfect. There are a limited number of buyers and sellers and demand can be

certainly be picky, while the flow of information is restricted and a lot of the market appears to be founded on rumour and gossip—admittedly it is well informed rumour.

On the other hand industrial property is much to commend itself to investment managers. It comes in a wide variety of sizes, and for a fairly limited capital outlay a reasonably significant sized investment can be made. The fact does not hold true for investment in offices or shops, and this is particularly important for some of the smaller funds with limited resources.

Another attractive feature for the funds is the speed of development. An office block can take three or four years to complete, but the average-sized industrial development can be completed in 18 months or so. From the fund's point of view, the investment becomes income producing sooner, and there are fewer problems of costs over-running estimates that are associated with longer projects. As an investment medium industrial property has proved its worth. Rental growth has matched and often exceeded those of offices and shops, and the reduction in site cover with modern developments has resulted in the investor gaining a greater slice of land for his cash.

Finally, and by no means least, investment in industrial property must be considered highly acceptable politically. The Wilson Committee may look on, but the institutions can at least point to the amount of money they are putting into industry by direct property investment.

Industrial property does have its drawbacks for the institutions, but these are by no means new. Changing requirements, such as eaves height and floor loading, can make a building unfashionable, and geographical location can sometimes prove a disadvantage. It conditions such as a much higher fuel price upset the economics of a site.

So what of the future? Some experts appear cautious, but a steady flow of capital investment by the industrialists should draw off new speculative investment without the market falling into the trough of oversupply.

Moreover the Government's commitments to remove some of the obstacles to development with all help confidence. What you need then is the confidence of the industrialists, which may prove a little harder to achieve. Yet as pointed out above there is a steady trickle of demand even in lean times.

Terry Garrett

Warehouse

Demand for warehouse accommodation is a particular feature of the current industrial property market. There are several factors pushing development that way. The rise in transport costs makes it more economic to use localised warehousing for storage rather than supplying over-long distances by road. Also the upturn in consumer spending has had a tremendous influence on the need for more warehouse space, not only from UK manufacturers but for the storage of increasing amounts of imported goods. So the jump in ware-

SHOPS

Shortage of prime sites

THE SHOP property market has appeared to enter a period of uncertainty following the strong growth in rental and capital values of the past 18 months.

Yields which on the very best situated sites had been chased down to as low as 3.8 per cent are now expected to rise as consumer spending tails off in the face of recent Budget measures and other economic pressures.

Last month's surprise budget decision to raise the minimum lending rate to 14 per cent and VAT to an unexpected 15 per cent has only added to the uncertainty.

Consumer spending which has generally been buoyant since Autumn 1977—despite periodic fluctuations—had been expected to fall later this year, even without the budget measures, as the gap between earnings and the annual rate of inflation continues to narrow.

Inflation as measured by the Retail Prices Index is now expected to be at an annual rate of around 17 per cent by the year end compared with pre-budget forecasts of around 11-13 per cent. However the impact on retail sales of higher interest and VAT rates may not work through as quickly as at first supposed.

Consumer spending in June was again high—following the near record levels in April and May—as people raided savings in a bid to beat VAT rises. The Building Societies Association estimated that savers withdrew around £70m last month for beat-the-budget spending.

On top of this the first rebates from income tax cuts—also promised in the budget—became due this month, and a further round of rebates is due towards the end of this year, which should help Christmas spending.

It is against this background that some economists are now forecasting a reduction in consumer spending in the late summer and autumn but with spending rising again towards the year end—to be followed

by little growth in the first half of 1980. But which will depend upon the outcome of this winter's round of wage bargaining.

Clearly, though, the prospects for the retail property market look less buoyant than at any other time during the past 18 months. During this period the strong growth in consumer spending, aligned with a shortage of prime retail investment opportunities, has led to a rapid growth in shop rents. Hammond Phillips Partnership says in its annual review of 1978 that rents, in some cases, rose by as much as 100 per cent last year.

Yields

And there has been no sign of demand softening in the current year. Yields on prime shops have been averaging between 4 and 4 1/2 per cent, and some institutions have been willing to purchase the very best properties at yields as low as 3.8 per cent.

Moreover the shortage of prime sites in the top locations has led some institutions to invest in properties which would previously have been considered as non-prime shops. These still tend to be in the very best locations—and in other areas would be considered prime—but are in secondary towns and cities.

This softening of traditional attitudes towards secondary shop properties provides further evidence of the recent strength of the retail market. Leavers, estate agents and surveyors, says in its review of 1978: "In many cases the demand has been so strong that shops to rent have been offered by tender with surprisingly high results. These new high rentals achieved at tender are having their effect on all rental negotiations in the various high streets."

The recent upsurge in interest in property auctions has also been largely led by strong demand for secondary—and in isolated cases prime shop prop-

erties, albeit again in secondary towns.

It has been estimated that institutions spent up to £1.2bn on property last year. Of this around £400m may have been spent on shops, given that most funds consider that a balanced portfolio needs 20-30 per cent of its investment in the retail sector.

Profound

In Central London the dramatic growth in tourism has had a profound effect on the capital's retail trade and pushed shop rents for prime properties up to unrealistically high levels. However, institutions in future may view with caution—particularly in the U.S. dollar—investment in London shops which rely so heavily on the tourist trade.

In the provinces strongest demand has continued to come from traditional multiples and major retailers, but with growing demand from new multiples, especially those in the leisure field.

And despite the more gloomy outlook for consumer spending there are a number of very good reasons why institutions will

continue to look for prime retail investment opportunities—even if this is only to maintain the traditional balance of its property portfolio.

Agents Strutt and Parker take the view that shops provide an excellent form of property investment with regard to both security and rental growth.

A recent analysis of prime shop investment portfolios carried out by the agents showed that between 1962 and 1978 the average annual rental growth was 14 per cent. It says: "Even if the initial yield is under 4 per cent, with these growth rates, a prime shop investment will outperform fixed interest securities."

Strutt and Parker says that two recent rent reviews carried out in Edinburgh's Princes Street, had revealed an annual rental growth of 18 1/2 per cent between the two reviews.

All this suggests that the retail property market is strong enough to ride out the current economic pressures, but clearly a number of agents now expect to see yields rise from their current historic low levels. Some would argue that a rise was long overdue anyway.

Andrew Taylor

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مكاتبنا الأخرى

السوق العقاري

INNER CITIES

Policy under review

THE FUTURE of a key element in the last Labour Government's approach to the problems of the inner cities—the seven partnership areas—is now uncertain following the decision of Mr. Michael Heseltine, Conservative Environment Secretary, to review inner city policy. Mr. Heseltine's decision to undertake a "stock-taking" exercise on inner city policy coincided with the Government's decision to cut special funding to the partnership areas by £7m in the current year as part of the general expenditure cuts announced last month in the Budget.

The decision to review the policy of providing additional resources to the inner cities through the urban programme—along with the structure and workings of the partnerships—reflects in part a general concern about the apparent slow progress made towards regenerating Britain's inner city areas. The review also reflects, however, the Govern-

ment's more general concern about the level of local government expenditure and manpower, the growth in bureaucracy and the low level of private sector involvement in inner city regeneration.

Involving the private sector has increasingly been seen as the key to the success of the drive to improve the environment in the inner cities at the same time as rebuilding the economic base on which these areas depend.

At their conception both the partnership arrangements and the Inner Urban Areas Act were seen essentially as providing only the framework and stimuli for private investment. The seven partnership areas—Liverpool, Manchester and Salford, Birmingham, Newcastle, Gateshead, Hackney and Islington, Lambeth and London's Docklands—were set up in advance of the special provisions and powers of the Inner Urban Areas Act which became law last year.

Partnership arrangements to date have involved both local and central government through Government Ministers and in consultation with other bodies, in drawing up inner city programmes. In November Mr. Peter Shore, former Environment Secretary, called together the partnership members at a seminar to discuss the progress made in the first year of the arrangements.

Completed

By the end of last year all the partnership authorities had completed the drawing-up of three-year programmes for their areas, but despite growing criticisms from bodies like the Town and Country Planning Association that the programme had "fallen far short" of its objectives the Government then maintained it was too early to assess the scheme.

Aside from criticisms that the partnership structure is too unwieldy and, because of its bureaucratic nature, effectively

excludes both potential private investor and local community groups and voluntary organisations from meaningful discussions, the other main criticism of the scheme has been its lack of financial muscle. Finance for the partnership programme has come primarily from two sources—urban aid grants and the "enhanced" provisions of the Inner Urban Areas Act.

Under the Act special urban programme grants to the partnership areas have been made on a three-year rolling programme basis. In the current financial year the seven partnership areas were to have received £73.6m at 1978 survey prices in urban programme money, while Docklands was allocated an additional £70m package of loan grants and guarantee moneys in February as compensation for the Government decision not to back the Trammell Crow trade mart complex.

It is on these figures that the present Government has imposed the £7m cut in 1980-81 urban programme resource allocations were due to increase by £18m to £92.6m, although this figure must now be in doubt because of the Government's concern to cut local authority expenditure—and the public sector borrowing requirement.

While the programme allocations represent a small fraction of total local government expenditure—about £16bn in 1979/80—the provisions of the partnership agreements and the Inner Urban Areas Act have provided other real benefits. The rate support grant settlement and main line spending programmes such as health and education have been "bent" to favour the inner cities.

In addition the Act provides a whole range of additional powers for the partnership and other designated inner city areas. Designated local authorities can provide commercial loans for land purchase, construction and the modernisation of buildings, the installation of services running up to 90 per cent of the value of the land and buildings where other sources of finance are not available.

In addition the Act permits local authorities to designate Industrial Improvement Areas in which they can give grants or loans for environmental improvements or to convert buildings to provide new jobs.

The success or failure of this operational framework must inevitably depend in the final analysis on its ability to generate confidence in the area and attract new investments. Mr. Heseltine will be looking therefore not only at the funding arrangements but the degree to which the policy has succeeded in generating this investment.

To obtain up-to-date information on the state of health of the inner city areas Mr. Heseltine has despatched a team of Ministers to visit, and chair, the current round of partnership meetings. The reports they will bring back will probably be mixed.

One of the difficulties they face in making any meaningful assessment of inner city policy is in relating successes or

failures to specific causes. For example, in Liverpool the whole of the Government's inner city policy "on trial" and there have in fact been both successes and failures.

Interest

Private industry has shown renewed interest in the city centre and the derelict 400-acre South Docks and the city has been unable to keep up with the demand for advanced nursery factory units. Merseyside, however, is designated a Special Development Area and Liverpool has on its boundaries several thriving new town developments which tend to make it difficult to assess the full impact of the partnership arrangements and the Inner Urban Areas Act outside of the more general benefits available under regional policy.

In London's Docklands there are also signs of renewed investment interest in the 8.5 square miles of available land, although concern has been expressed about the slow pace at which progress is being made.

The problems involved in regenerating the area have been the subject of two inquiries—one as yet unpublished—by the Environment Sub-Committee of the Commons Expenditure Committee.

In its evidence to the committee the Joint Docklands Action Group—representing trade unions and community



New Southwark Council flats nearing completion on a site at Bankside by Blackfriars Bridge. The Edger Scheme development has been made possible by a three-cornered agreement between the council, British Rail Property and Edger Investments

groups in Docklands—complained of the failures to meet targets for infrastructure and industrial space provision contained in the 1976 London Docklands Strategic Plan.

The Group also complained of "inadequate level of support from central government and from the private sector."

Over the next four years, however, £233m—is to be spent on a construction programme including new housing, industrial development, open space and recreation areas together with major infrastructure works.

To tackle the main problem of attracting new private investment the Docklands Joint Committee—made up of the five docklands boroughs, the GLC and others, has appointed a new town-style management team led by Air Commodore Allen Mawer, managing director.

One of the primary functions of the team, which was only completed last month, will be to encourage business confidence in Docklands and, in the words of Sir Hugh Wilson, chairman of the Docklands Joint Committee, "persuade investors that Docklands really means business." In fact, despite the setback to the Government's Trammell Crow decision, which would have provided Docklands with its first large-scale redevelopment, there have been a number of successes, although on a smaller scale.

For example, in March Fraser Wood Properties, backed by the Philips and Pye pension fund, announced plans for a £4m speculative industrial development on an 8.5 acre site in Docklands. The site, which is near the Blackwall Tunnel approach road and adjoins a partnership development, is expected to provide 12 units of industrial and warehouse space in a two-stage development.

This private development, coupled with the prospect that News International will move to a 13-acre site by the Thames in Tower Hamlets, have helped boost morale among Dockland's planners.

One of the keys to the success of any inner city policy must be the provision of adequate road and rail transport links, a factor recognised by the GLC which despite local objections is pushing ahead with plans for the Docklands southern relief road and is still lobbying support—for a Jubilee tube line extension to Docklands.

In common with the other inner city areas Docklands' future will depend, however, not only on decisions taken by the Environment Secretary in the next few months but also on the prevailing economic climate. The question therefore is not so much whether the inner city areas will see a renaissance—but when and a what pace.

Paul Taylor



The old London Docks at Wapping. Development plans for the area are beginning to be put into effect

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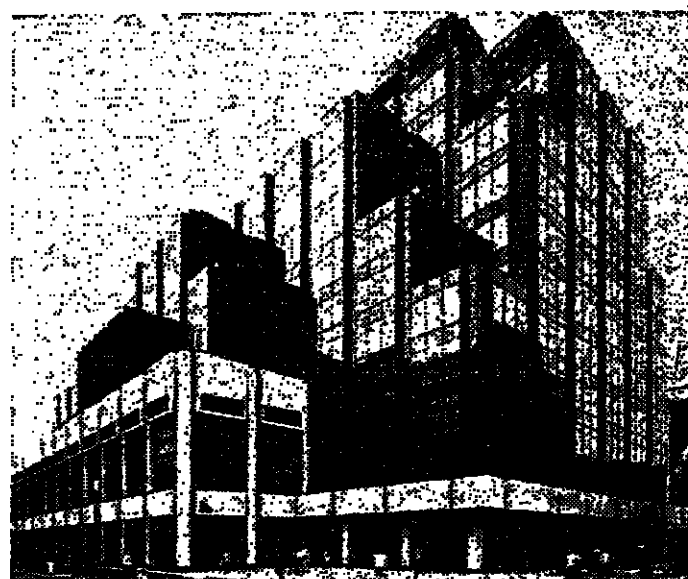
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PROPERTY VIII

WEST END

Strong demand for offices



Chevron Oil Service Company, which leased about 50,000 sq ft of office accommodation in 1978 within the Southside Victoria Street development, have sublet the entire eighth floor of about 7,500 sq ft to Schlesinger Investment Management Services at a rental of £15 per sq ft. Debenham Tewson and Chinnocks acted on behalf of Chevron, while Portman (Portman Estates of Hanover Square) advised SIMS.

THE DEMAND for offices in the West End is so strong at present that there are fears that the remaining stock of unlet premises will be exhausted by the end of 1979. Tenants with leases expiring or coming up for review in 1980 are worried that if there are no offices on the market rents will shoot up to unprecedented levels.

Currently Mayfair rents for air-conditioned offices in the most sought-after locations are between £15 and £17 a sq ft, while non air-conditioned offices in the same locations are on the market at around £11-£12 a sq ft. In less attractive locations such as mews buildings and on the northern fringe of Mayfair older offices can be rented for between £8 and £9 a sq ft.

Generally estate agents include in the "West End" the main office areas of Mayfair, St. James's, Victoria, Knightsbridge and the strip along the Euston and Marylebone Roads. Naturally rents in these districts varies considerably, with Mayfair and Victoria and parts of St. James's commanding the highest office rents.

Office rents in Victoria Street for building of a high standard are at the top end of the scale for Mayfair accommodation. Elsewhere the average rent for air-conditioned offices in well-located positions is from £9.50 to £11 a sq ft and for non-air-conditioned space from £8 to £9 a sq ft. In secondary positions the rent is generally £3 to £4 a sq ft lower.

Mayfair, which is historically residential, contains a large number of period buildings of between 3,000 sq ft and 10,000 sq ft. Some of this stock has been refurbished, but by far the greater proportion of this stock remains unmodernised. Until fairly recently it was quite easy to find offices in this type of building, but the increased demand of the past 18 months has meant that these buildings are now becoming difficult to find.

According to agents Weatherall Green and Smith, an average rent of about £9 per sq ft is being paid for fairly ordinary suites and considerably more for small prestige air-conditioned accommodation. There has been a great deal of speculation over the continued use of these former residences as offices. The Westminster planners have always stated that eventually the temporary office use for both Mayfair and St. James's would end and all the premises would have to be returned to residential use.

Some owners of these period buildings have already obtained change of use to offices, and at one time it was believed that these properties would command higher rents because tenants could take long leases without fear of eventually being turned out. But in fact it is only in the rather specialised leasehold investment market that this change of use has had any impact on values.

The main area of demand is for offices of between 6,000 and 30,000 sq ft, and Weatherall's had to advise clients recently to pay the asking rent for the Greycourt Estates redevelopment of Townsend House, a 15,000 sq ft non-air-conditioned

office building in Greycourt Estates, just off Victoria Street. The rent asked was £9.25 a square foot, but now Weatherall's estimates that the rent would be £12 a square foot. This escalation is largely because there are probably only 15 such units available and the take-up is rapid.

Example

In larger units of up to 70,000 sq ft, activity over the past 12 months has been limited. Probably the most important letting was the upper portion of Windsor House, Victoria Street, the United Kingdom Provident Institution's huge tower block on the corner of Buckingham Gate, where 50,000 sq ft has been taken up by British American Tobacco for a rent of £13.50 a square foot.

Some idea of the speed with which rents have been increasing over the past year is seen from the fact that the BAT

letting was agreed about a year ago, while recent lettings in the same block have been at £16.36 a square foot.

Land Securities Investment Trust obtained just over £450 a square foot for its 51,000 sq ft air-conditioned building, Wellington House, also in Buckingham Gate, from a letting to the Metropolitan Police. More recently the Distillers Company has paid around £14 a square foot for 55,000 sq ft in St. James's Square.

Weatherall's say that there is considerable interest for the few remaining West End offices over 100,000 sq ft. These are now mainly refurbishments, and most should be let soon. Others will not be on stream until either next year or 1981.

Among major West End lettings of large buildings was the Euston Station scheme, totalling some 237,000 sq ft, which was let last September to Fluor, the U.S. engineering conglomerate at an overall rent of around £12.50 a sq ft. United Kingdom

House, the former Waring and Gillow store in Oxford Street, which has been refurbished as 160,000 sq ft of offices in very large floors, appears to be letting well. Already two floors totalling some 51,000 sq ft have been let at rents close to £14.50 a sq ft.

Three major developments in the course of construction are Leconfield House in Curzon Street with 72,000 sq ft, Norfolk House St. James's Square with 110,000 sq ft (both United Kingdom Provident Institute schemes), and 103, Wigmore Street, with 110,000 sq ft, which is owned by the Post Office Pension Fund in partnership with a development consortium.

All three buildings should let quickly, and the rental levels are likely to be between £14 and £17 a sq ft. But when these buildings are let, there will be very few other large buildings on stream. The one exception is the Land Securities Devonshire House, which is currently being given a major facelift and modernisation. It should come on to the market by the summer of 1981, just when the remaining space dries up.

Possibly the most encouraging letting seen for many years in the West End was that of Centre Point, the Oldham Estate white elephant at the junction of Tottenham Court Road and Oxford Street. Although not entirely the end of the Centre Point saga, the leasing by Sam Levy of Jones Lang Wootton of 103,000 sq ft for the CBI for just over £7 a sq ft on a 45 year lease with five year reviews, the letting is very good news, and many of those concerned with property in the West End will be relieved that the building is substantially off the market.

It is very rarely that the freehold of a City building is offered on the market, nor for that matter is it often seen in either Mayfair or St. James's but elsewhere in the West End it is not uncommon for freeholds to change hands.

Agents Debenham Tewson and Chinnocks are currently seeking offers of around £2.5m for what

is described as a "headquarters" building in Broadwick Street, W1. The property has a total floor area of 63,990 sq ft of office and ancillary accommodation with car parking facilities. Built in stages, the newest section of the building is a little over 10 years old. It is centrally heated and has a lift. Debenham's are acting for the owner-occupier who is offering the building with vacant possession with the exception of a ground floor shop. The price works out to £39 a sq ft.

In sharp contrast on price Clive Lewis and Partners are seeking a buyer of the freehold of an office building of 15,830 sq ft in Buckingham Gate, Victoria Street, at a price of £2.5m which equates to a value per sq ft of £157. But in this case you get air-conditioning and double glazing thrown in for your money along with location.

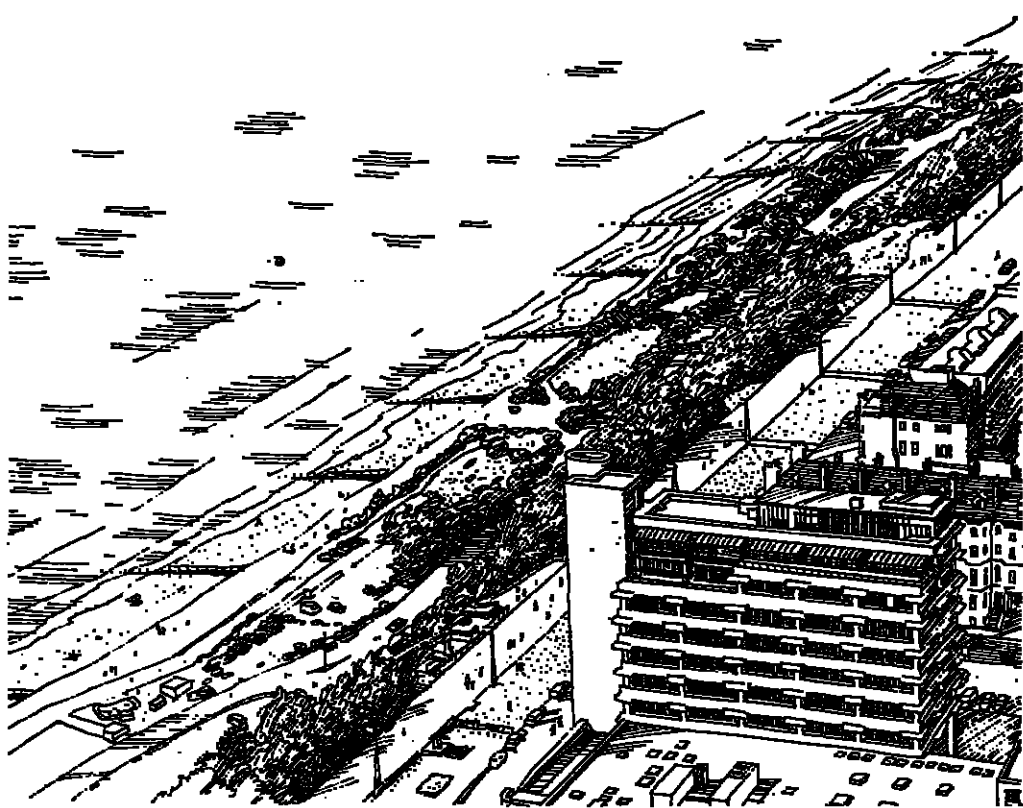
It is difficult to forecast how the West End market will move over the next six months. On the one hand there appears to be a large unsatisfied demand for offices and on the other some resistance to paying the high rents currently being demanded. Most property experts believe that rents will continue to rise in the short term but that there may be a levelling off if the economic situation does not improve.

But over the longer period it is clear that within two years the rents currently being paid in the West End will seem low. Already the levels attained during the active property market of 1973-74 are being passed and the refurbishment of Devonshire House by Land Securities could establish new records when it comes on stream in two years time.

The major non-financial international companies still prefer the West End to the City, and it is difficult to see where new companies can be accommodated if they decide to move to London. Some who are seeking European headquarters may be forced to consider other locations.

Rory Ferguson

Some companies could do with a breath of sea air.



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FOR THE first time since the collapse of the property market in 1974 companies seeking small areas of office space in the City, of between 5,000 and 10,000 sq ft, are finding that the choice is limited. For the past 18 months there has been a dearth of large office or major new air-conditioned buildings, but generally there has been a good choice of smaller buildings and parts of buildings.

At present there are only about ten units of between 5,000 and 10,000 sq. ft. in the prime EC3 area of the City, and there are probably only 20 or so units of 2,000-3,000 sq ft. These are the size of units for which office development permits have not been required.

The units for which there is the greatest and most consistent demand are those of around 5,000 sq ft, and because the ODP restrictions did not apply to these unless they are part of a larger building it follows that the lifting of the ODP restriction will not have any great effect on availability.

Over the past 18 months the market in City offices has been extremely buoyant, with an undiminished number of tenants seeking the fewer properties available. Rents have been rising steadily and appear likely to continue to do so, at least in the short term.

In the longer term, the maintenance of high interest rates may begin to have an effect by forcing firms to delay expansion plans, and the completion of development schemes currently underway may lead to a greater supply.

With so few buildings of over 50,000 sq ft on the City lettings market, some companies are already being forced to put off plans for expansion or for housing all their staff under one roof. This means that some

companies have been forced to pay quite high rents for "overflow" space. This situation is creating a two tier market in which there is strong demand for first class property where rents are rising faster than for older, unmodernised space.

In November 1978 there were 308 foreign banks represented in London, most of them in the City, and of the world's top 100 banks only seven have no representation in London by way of an office, branch or stake in a consortium. Fourteen new banks arrived in London over the year to September 1978, and there are no signs of the City losing its prominence as the financial centre of the world, at least in the banking sense.

Since 1968 there has been only one year in which the number of foreign banks has fallen (1975), and the number of employees has increased from 9,000 to 28,000 in that time—all of whom have had to be accommodated in offices. One of the major lettings to foreign banks during 1978 was the lease taken on behalf of Morgan Guaranty Trust Company of New York by agent Weatherall Green and Smith. Morgan took the whole of the 175,000 sq ft building, although it will only occupy around 100,000 sq ft initially, and Weatherall's are already well advanced with the sub-letting of the surplus space.

Commenting recently on trends in City rents, Mr. Gordon Manson, senior partner of Weatherall's said, "Looking towards the future, rents in the City appear set to increase further as continuing strong demand leads to a diminishing supply. However, it is the first class offices which are in most demand due either to a requirement by a firm for prestigious space or because employers want to provide their staff with a better working environment. I

believe that rents for inferior space will fall further backwards in comparison with first class space."

Undoubtedly, the City of London is the most expensive office location among the major cities of the world when considered against the yardstick of rent, rates and services alone. If, however, the cost of labour is taken into consideration the City compares very favourably with other centres. The continuing demand for City offices from foreign banks and financial companies bears this out. The effects of the collapse of the property market will be felt for a very long time, and it is certain that because there has been virtually no new development in the tight "prime area" of the City for almost four years rents for the existing stock of prestige offices will rise.

Developments

There are a number of major new developments, all outside the prime tight central area, due to be completed over the next two years. These will come on stream at a time when there is a dearth of either major offices to let or of new air-conditioned space. The most important of these will be the huge redevelopment of the former PLA warehouses site at Cutlers' Gardens between Middlesex Street, Houndsditch and Bishopsgate in the City.

This major complex, which is being built by Greycourt Estates and Standard Life Assurance, preserves a great deal of the original buildings erected by the East India Company at the end of the 18th century. It will become one of the largest office complexes in the City on completion in about two years' time. But it is to the City fringes that potential tenants should be

looking to meet their immediate requirements. The most accepted of the fringe locations is also one in its own right: Holborn, which is probably best defined as an area bounded by Euston Road, Tottenham Court Road/Shafesbury Avenue, the River Thames and Holborn Viaduct.

It therefore takes in the western sections of EC1 and EC4. Agents De Groot Collis state that there is only available 500,000 sq ft of offices available at present in Holborn and that only two self-contained buildings over 20,000 sq ft are on the market. These are Audrey House, Ely Place, and 73-83, Hatton Garden. The Hatton Garden building of 79,305 sq ft is on the market through Bernard Thorpe at an asking rent of £1m a year.

Generally speaking rents in the City range from £14 to £27 per sq ft for air-conditioned offices, from £10 to £12 a sq ft for modern or refurbished non-air-conditioned space in the "prime" area and from £8 to £10 a sq ft in the secondary locations. On the City fringes, in Holborn, City Road, Aldgate and Smithfield, air-conditioned space can be leased for between £9 and £12 a sq ft, while modern non-air-conditioned offices are commanding rents of between £7 and £8.50 a sq ft. Secondary areas, away from either main-line stations or other transport facilities can be had for £5 a sq ft.

Generalisation in City office rents is dangerous—no two locations are alike and even two office suites in the same building can vary considerably in the level of rent which tenants are prepared to pay. For example, De Groot Collis is marketing the third and fourth floors of 127, Cheapside, which is close to the junction of Cheapside and Wood Street.

The offices have a floor area of some 1,920 sq ft and that being asked equates to around £6.90 a square foot. Yet nearby in Bow Lane, on the opposite side of Cheapside, a small self-contained building of five floors with just 1,670 sq ft has recently been let by the company at around £10 a square foot.

Even buildings close to the Bank of England, which is the centre of the "prime" area, can vary enormously in rents, but in general terms fully air-conditioned buildings in that district will command the highest rents, and even some older buildings — and there are many of them — will let at rents which could not be obtained even for the most lavish air-conditioned block in a fringe area of the City.

These high rental levels should make new development viable, but the lack of sites in the central area plus the greater emphasis on lower-scale buildings make it unlikely that there will be any further large-scale expansion in the immediate future in the central area of the City. Because of the dislike by planners of huge tower blocks, the plot ratio likely to be allowed for new development would not make this viable in the heart of the City where land values are the highest.

It is clear that the emphasis over the next few years will be on major refurbishment. Many of the buildings completed since the war will have vast sums spent on them to bring them up to standards acceptable to foreign banks and institutions, the specification to include full air-conditioning and modern high speed lifts — which few of the buildings erected in the 1950s and early 1960s possessed.

Rory Ferguson

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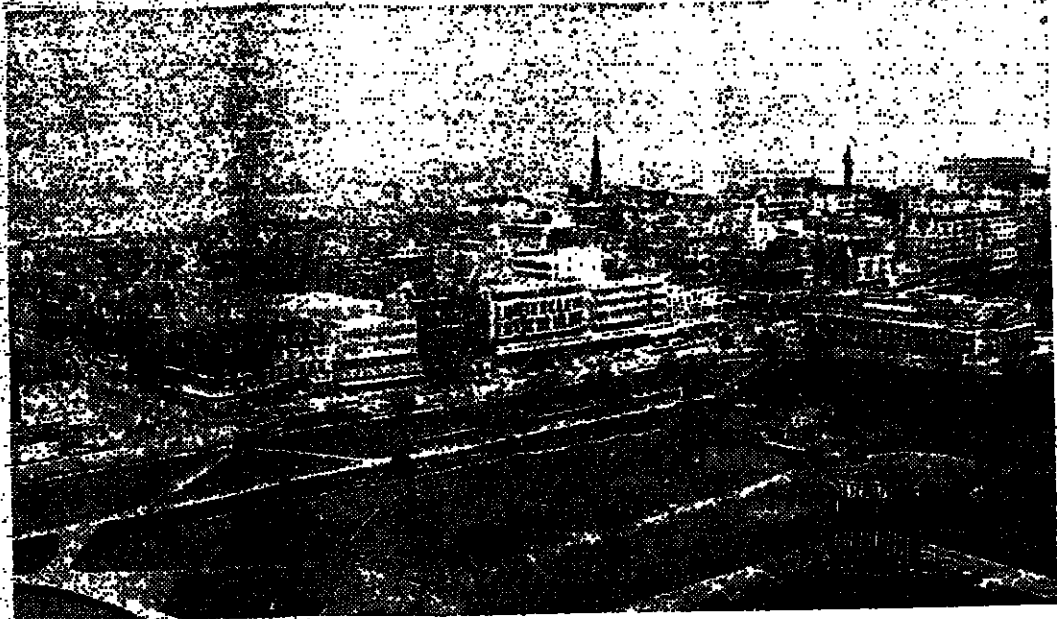
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PROPERTY IX

SCOTLAND

The squeeze begins

THE MIND boom in the Scottish economy of the past few years... features a strong performance by almost every sector of the property market...



Princes Street, Edinburgh: strong demand for retail space

In the latest economic review for the Edinburgh region and beyond, Kenneth Ryden and Richard Ellis... Professor Donald MacKay of Heriot Watt University...

The Budget measures were likely to accentuate a trend that was already apparent... Given the sharp acceleration in prices that has immediately ahead...

Slacken

Against this background the outlook for the property market must be that, after a period when demand was relatively high, it is now likely to slacken off... In housing, for example, it would be surprising if the second half of the year did not see a considerable slowing down of the increase in prices...

have not been uncommon... When finance is reasonably freely available one would expect Scotland to be a booming market... The level of owner occupation is significantly lower than in the country as a whole...

The underlying trend is always likely to be upward, but there is more than just the rise in interest rates to suggest that the market will move more slowly in the near future... Scottish local authorities have been extremely reluctant to sell council houses...

The supply of housing available to buy is also increasing... Private housing completions were at a record level last year (14,443, compared with 12,133 in 1977) and were above the number of completions by public authorities...

Higher petrol prices are already having some effect on suburban houses and flats and within commuting distance of the main cities... But attractive country properties, particularly at the top end of the market, are in scarce supply and are likely to hold their prices...

Similarly agricultural and sporting land prices are unlikely to come down from their high levels of £1,500-£2,500 an acre for arable, anything from £300 to £800 for less productive land...

On the commercial side the pattern has been less even... Richard Ellis, in a recent report, remarked on the unprecedented demand for retail space with prime rents in Glasgow's Argyle Street and Princes Street, Edinburgh...

The industrial market has been going through a reasonably cheerful period, with private developers doing well and institutions showing interest in investing in new estates in good locations... Demand, however, is likely to fall towards the end of the year as companies cut back their investment in response to the economic situation...

In offices the picture has not been so rosy... Only in a few exceptional areas has demand equalled supply, so the pressure on rents has been slight... In Glasgow, Richard Ellis reports a fairly quick take-up for good developments in prime locations, but a much slower picture in less favoured areas of the city...

Kenneth Ryden predicts that from a total of 820,000 sq ft available in Glasgow, 500,000 sq ft could be taken up by the end of the year... although the market is generally considered to be inactive... However, the two agents agree that rents are unlikely to rise much above the £4.25 a sq ft mark for the best locations...

rise much above the £4.25 a sq ft mark for the best locations.

In Edinburgh lettings in the last six months at 101,000 sq ft were less than half the figure for the previous six months, according to Ryden, which expects the supply of office space to have reached its peak... However, the disappearance of the Scottish Assembly from the political scene has taken away one powerful source of demand for space in the capital...

The industrial market has been going through a reasonably cheerful period, with private developers doing well and institutions showing interest in investing in new estates in good locations... Demand, however, is likely to fall towards the end of the year as companies cut back their investment in response to the economic situation...

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Ray Perman Scottish Correspondent

WALES

A brighter market

AFTER FIVE years in relative doldrums, the property market in Wales has turned round with a vengeance... The supply of commercial and industry property in many centres is becoming tight, and in the residential sector, re-zoning has made a reappearance...

Since the heady days of the early 1970s upsurge, the Welsh Development Agency has stepped on the scene with a major programme of industrial estate and advance factory building aimed at attracting new industries to Wales...

At the same time, the near completion of the M4 from the Severn Bridge deep into West Wales, not to mention British Rail's high speed train link with London, has transformed communications along the coastal belt and altered the property market perspective across a wide area...

Another significant influence in the residential and office sector has been the previous Government's dispersal of civil service departments, an influence which will be felt even more if the major Ministry of Defence relocation near Cardiff survives the rethink by the Conservative Administration...

In North Wales, the building of the A55 dual carriageway from the English border through to the island of Anglesey promises to have an important impact on the property scene, though the demands of the tourist industry and for retirement and second homes has ensured that North Wales is far from insulated from the mainstream of property price movements...

Work is due to begin in earnest on the A55 within a year and it should be completed by the mid-1980s... Mr. Nicholas Edwards, the new Secretary of State for Wales, has pledged that it will be exempted from general cuts in public expenditure on roads...

A further recent influence on the Welsh property market has been the activities of the Land Authority for Wales which, uniquely in the UK, has been vested with sole responsibility for carrying out the provisions of the 1975 Community Land Act... Although the Government is firmly committed to repealing the Act, the Land Authority is widely regarded, certainly in the building industry, as having done a good job in easing the flow of development land by assembling sites and tackling ownership complications without trading on a large number of toes in the process...

In the main centres, Cardiff and Bridgend are undoubtedly feeling the effects of the market turnaround more than anywhere else... In the Welsh capital, redevelopment of a significant part of the city centre is now pressing ahead rapidly... In the town of Bridgend itself both shops and small office accommodation are coming in for a facelift...

main shopping street, has just been sold to the Automobile Association, leaving only Heron House, a new 60,000 sq ft block nearing completion close to Cardiff's main station, as the only major new space in the city... That said, significant amounts of refurbished accommodation are starting to come forward to meet a good demand for improved and expanded offices up to 20,000 sq ft...

On prices, whereas a year ago, there was very little movement with rents still stuck at around £2.25-£3.50 a sq ft, now the going rate is £4-£4.50 a sq ft and there is encouraging interest in new development... Rents for warehouse accommodation have similarly risen steadily over the past 12 months from as low as £1 a sq ft to approaching £1.50 today, though there is now very little on the market...

The strong interest being shown in Bridgend has, naturally enough, followed the decision of the Ford Motor Company to site its new European engine plant adjacent to the town (encouraged in turn by the M4 extension), which seems likely to boost the area's prosperity considerably when it opens next year... There is at present a marked dearth of warehouse accommodation in the vicinity, and rents have shot up some 50 per cent in the past 12 months to around £1.35 a sq ft...

By contrast, the market in Newport has been slower to pick up, maintaining its traditional discount to Cardiff in spite of the town's closer proximity to the Severn Bridge and its easy communications with the Bristol area... But the first tenants are starting to move into Clarence House, an 87,000 sq ft development and inquiries are reported to be improving considerably...

sw ft development and inquiries are reported to be improving considerably... Good warehouse accommodation is also becoming less easy to find as the value of Newport and Chestow as distribution centres, close to the interchange of the M4 and M5, becomes more widely appreciated... This was undoubtedly an important consideration behind Jamaica Producers' decision a few weeks ago to switch its banana shipments and distribution from Shoreham, Kent, to Newport...

To the west, in Swansea, it is a sign of the times that a further 84,000 sq ft of new office space are under construction as well as the quadrant shopping centre development which is going well... In fact, Swansea has proved a surprisingly fruitful market for new office accommodation... Around 400,000 sq ft have been let over the past eight years, mainly to Government and local authority departments...

Much of Wales is clearly sharing the general rise in house prices which has gathered strength over the past 12-18 months with the Cardiff and Vale of Glamorgan area maintaining its position as the most expensive market for housing outside London... Over the past 12 months, residential property values have increased on average by at least 30 per cent and so far show no signs of slackening... Demand is particularly concentrated on properties with individual character, with significant numbers going to auction because of the difficulties of valuation in present conditions...

Farmland, too, has been affected by increased demand... For many properties, £2,000 an acre is no longer too much to ask, and small parcels of land are fetching as much as £3,000 an acre... Robin Reeves

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PROPERTY X

EAST MIDLANDS

Good sites in demand

THE EAST Midlands property market has bounced back strongly from the low point of early 1974. Demand for factories and warehouses in a region with a diverse industrial base and a sound labour relations record has been strong for some time; rentals have risen and development has proceeded apace, with the main complaint—notably in Derby—that suitable sites are in short supply.

In office accommodation demand is moving back into line with supply, and there are plans for new development in certain sectors. Even at Leicester, which achieved notoriety because of its empty office blocks, agents report that shortages might soon emerge in certain parts of the city. Large-scale new retail developments at Derby, Nottingham, Leicester and Northampton in recent years

have been accommodated successfully, and demand for prime positions remains strong. But it is the industrial sector that has shown the quickest recovery and where most building activity is taking place. Important initiatives to provide nursery units have been taken by local authorities at Leicester, Nottingham and Derby and by the development corporation at Northampton, which is a designated new town.

In Nottingham some 600,000 sq ft of industrial accommodation is already under construction or scheduled for an early start. Rentals for 5,000 sq ft units and upwards have climbed to around £1.65 to £1.75. Smaller units command a price closer to £2. The city council is nearing completion of a two year programme to provide 169,000 sq ft of accommodation, most of which was pre-let. A second

phase of more than 100,000 sq ft mostly in smaller units on a number of city sites, is scheduled to start early next year.

The council takes encouragement from the fact that around half the lettings have been to companies from outside the city which is seen as important for future employment.

At Leicester rentals have climbed to around the £1.75 a square foot mark, but agents report that it is difficult to break £2 even for the smaller units. The market remains buoyant and the principal constraint upon private new development is land availability. Agents indicate that throughout the region there is a growing demand for freehold ownership, partly as security against anticipated higher levels of inflation. Complaints about site availability seem loudest in Derby,

but the city council reports that around 30 acres of serviced land have been made available to developers or for occupation over the past year. The local authority hopes to start construction in October this year of 100,000 sq ft of factories, mostly in units of between 1,000 and 5,000 sq ft. The scheme, at Stores Road, will be carried out jointly with a private developer.

At Northampton the development corporation, which has already built more than 800,000 square feet of factories, has another 133,000 currently under construction. Units which range in size from just over 4,000 sq ft to 40,000 sq ft are on offer at between £1.45 and £1.75.

Private developers are also active in Northampton, which benefits from good communications with the Midlands and the South East and investment in

roads, housing and other facilities by the development corporation. Such is the upward movement of rentals that many agents are not yet quoting prices for industrial units still under construction.

The development corporation is offering fully-serviced industrial and warehouse sites of between half an acre and 50 acres. More than 80 acres are available at Moulton Park for campus-style commercial and industrial use.

The glut of offices in the East Midlands caused by the excesses of the property boom at the beginning of the present decade is now disappearing. In Leicester, where latest estimates suggest around 675,000 sq ft of accommodation are currently available, agents point out that even if the market were in balance some 200,000 sq ft would be vacant because of tenancies changing hands.

Lettings have been strong over the past nine months and more than 300,000 sq ft of offices has gone off the market. In general rents have remained fairly stable around the £1.50 a sq ft mark, but three fairly distinct sectors can be identified. The prime area is around New Walk, which tends to be smaller units used by the professions. Rents in that quarter have risen to around £2 a square foot and are expected to approach economic levels. Some agents forecast that within the next 18 months rents will have improved to perhaps £3.50 or £4 with shortages beginning to appear.

Offices in the city centre, usually on offer at around £1.25 to £1.50 a square foot, are beginning to move. Car parking is sometimes a problem, however. The third sector embraces sites around the inner ring road, for example, at Vaughan Way and Burley's Way. Here the market tends to be more variable, with rentals ranging from perhaps 80p to £1.50 a square foot.

At Nottingham office lettings have been strong over the past six months. Of perhaps 340,000 square feet currently on the market only 20 per cent is completely new and a large section can be regarded as secondary accommodation. Rents have moved up to around £2.50 and £2.75 a square foot with levels of £3 achieved for small units.

In Derby, demand for offices has improved during the year, eating into what for the local authority was regarded as a somewhat embarrassing surplus. Rents have remained fairly stable at around £2 a sq ft. The apparently high level of

vacant office space in Northampton is caused mainly by three properties. Greyfriars House, a 200,000 sq ft development above the town's bus station, has hung on the market for some time. Around 60,000 sq ft are still available in Belgrave House, which forms part of the new Grosvenor shopping development. Anglia House is an older property with 27,000 sq ft.

The improved demand over the past 12 months has firmured rentals at around £3.50 a sq ft, although there are obviously variations according to size, quality and location. It is in the small and middle range sectors that demand has been strongest. A 9,000 sq ft block which can be split into suites has recently been completed at The Parade and is on offer at £3.75 a sq ft.

Shopping

Northampton is the heart of the main East Midlands population, centre to a new shopping development. The 300,000 sq ft Grosvenor Centre has proved a great success, and very high premiums are paid for any shops that become available. The second phase of the Grosvenor scheme, which will provide a new store for Camd A, a restaurant and other facilities, is currently under construction. The Weston Park district centre, a 250,000 sq ft retail complex built to serve the growing population to the east of the town centre, is also trading successfully.

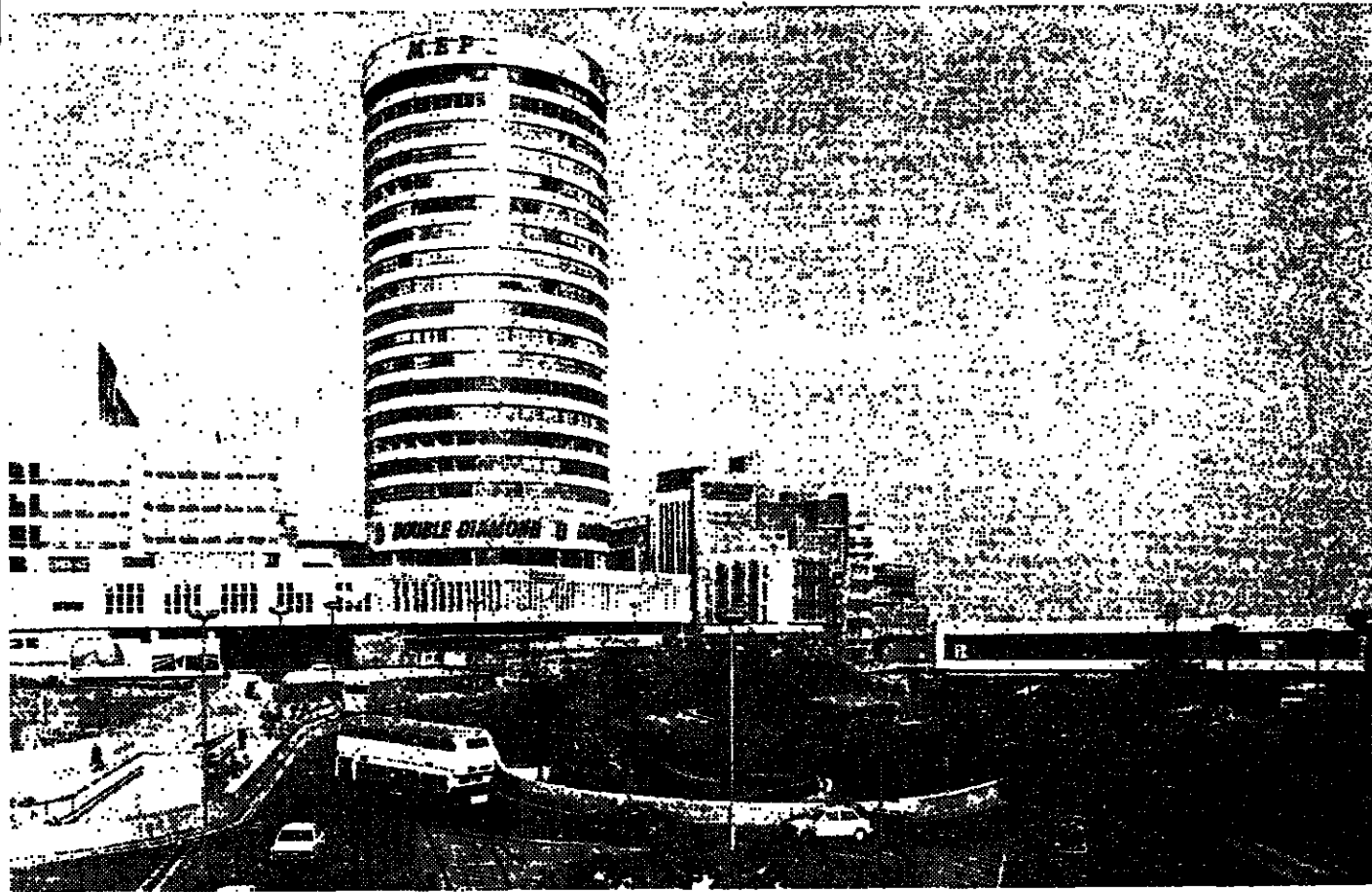
There is considerable confidence in Northampton as a retail centre even though Milton Keynes, only 20 miles to the south of the town, plans to open a 1m sq ft shopping centre in August this year.

Evidence of that confidence is provided by the demolition now underway of the former Notre-Dame school on a 3 acre site in Northampton's town centre. The developers hope to get planning consent for a primarily retail complex, which might include a new hotel.

In Leicester, a 22,000 sq ft shop has already been let in the Belgrave Gate development; another 40,000 sq ft is on offer at £160,000 a year rental. At Market Place South all 10 units are let or under offer in a 25,000 sq ft refurbishment scheme.

Indeed, against the background of the prosperous and diverse East Midlands economy, prospects for all the principal retail centres can only be good.

Arthur Smith
Midlands Correspondent



The Rotunda and Manzoni Gardens in the centre of Birmingham.

WEST MIDLANDS

Inner city impetus

THE DETERMINATION to boost the West Midlands industrial economy is reflected in the active property market that exists even in the more languid backwaters. It is especially noticeable in the emphasis now being put on smaller sites for new businesses, stemming from Government and local authority concern to cultivate the industrial seed bed of small and one man enterprises. Demand for smaller office suites has also been active.

But while some areas are booming, others are faring less well. Coventry, for instance, is passing through another of its perennial encounters between management and men which has so weakened the automotive

and machine tool industries and those dependent upon them. Alfred Herbert, once the dominating tool producer and factor in the UK, is still completing a radical rationalisation programme which will leave more room for other industry to move into its Red Lane district, where an industrial estate is emerging.

This is the central city industrial estate on the former 20-acre Royal Naval stores depot, which is in process of being let in units of 15,000 sq ft or more. Among other significant developments are those at Grovefields industrial estate, a few hundred yards from the M6, offering 10,640 to 32,200 sq ft units, and the city council's own development of advance nursery units at Aldermans Green and Stonebridge Highway. The first 50 units sold out early.

The industrial and commercial property market has been rather more active than the residential market. Like other motor industry centres that experienced hectic post-war growth and unprecedented prosperity, Coventry sucked in a lot of "foreigners", especially Irishmen. With the revival of the Irish economy, offering better job prospects, there has been something of an exodus. Coventry has lost its status as an employment magnet, a fact that has been reflected in house prices. A pre-war two-up and two-down can still be bought for around £9,000. A similar home in nearby Leamington Spa would almost certainly cost around £12,000, and in the sought after Stratford-upon-Avon old town, up to £20,000.

At the extremity of the West Midlands, Hereford seems possibly to have overplayed its hand in trying to become a greater commercial and industrial force. True, it has well-established and thriving concerns like Bulmers, the cider maker, and Denco-Miller, lubrication and compressor specialists, but a large part of its prosperity walks around on four legs, epitomised through the Hereford Herd Book Society. It is a far more balanced society than the more industrialised areas of the West Midlands, a beautiful county whose distinctive black and white houses are as attractive to

those near or in retirement as to tourists. Not surprisingly, prices are among the highest in the West Midlands.

Hereford looks more towards Cheltenham and Gloucester than it does to the capital city of the West Midlands, Birmingham. But as one moves nearer to Birmingham one begins to enter the southern commuter area of the conurbation as can be seen from the rush hour traffic along the M5.

Nearer

Will the increasing price of petrol persuade a significant number of people to move nearer to railway stations or to Birmingham and the Black Country? Estate agents are undecided. The southern and south western commuting regions, and that to the west of Wolverhampton, in Shropshire, are considered to be more susceptible to such changes than, say the north and north-east around Lichfield and Tamworth. Fast growing industrial and commercial areas, which are well served by rail and motorway. Some housing developments, like that at Burnatwood, are going ahead so fast, partly in response to demands of expanding industries, that they are raising protests from existing residents.

Many of those who are pushing this expansion in the newer industrial areas have come from the older ones in Birmingham and the Black Country. Both areas have suffered severely from industrial rationalisation and closures both by the private sector and state enterprises. Wolverhampton has battled manfully against a succession of problems, and its new shopping centre and strengthened commercial ties have helped to maintain a reasonable level of shop and office rentals. But although it is the major city on the west of the conurbation, linking both country and industry, it lacks the efficient communications of Coventry or the resources of Birmingham. The financial and commercial capital of the region. The day-to-day economy, and hence property values in Wolverhampton—and in other cities such as Worcester—are more dependent

on the major space users like the food, drug store and general merchandise supermarkets. Office rentals in Coventry command up to £3 a sq. ft., but only £2.50 in Wolverhampton.

Further west in Shropshire, a thriving county town that has expanded quicker than most people expected and which is coming up against the physical limits of what it can absorb.

The developers, particularly of warehouse units, have been kept busy meeting the demand stimulated by the success of the National Exhibition Centre. And since Government and local authority initiatives have been taken to develop and refurbish the inner city areas, industrial property values have been rising quite fast. In the past year or so they have probably risen by a fifth or more and currently are fetching around £50,000 an acre with isolated examples of up to £90,000. The main impetus has come from the inner city schemes, together with refurbishing of decaying suburbs, which have influenced property prices widely.

A sign of the accelerating business confidence has been the occupation of big city blocks that have been empty for three or four years. Five Ways and some sections of the ringway roads are examples, and there is now a shortage of land in the more favoured areas. Top rents around Colmore Row and the cathedral fetch £5 a sq. ft., but where—along Hagley Road for example—there are sizeable blocks of offices on offer suites can be had for £2.25-£2.50. However, current predictions are that as the vacancies are taken up prices will rise towards £4 a square foot for air-conditioned premises. The same trend is to be seen in some of the faster developing areas such as Solihull and Sutton Coldfield, and also Shirley, where the Cranmore industrial estate has been brought nearer the NEC and the motorway network by the M42. Like the Ford industrial estate handily placed near junction 5 of the M6 and is now being developed on 25 acres, these, and others in similarly well placed areas, should find no lack of customers.

Peter Cartwright

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PROPERTY XI

THE NORTH EAST

A depressed market

IN EARLY May the North gave birth to its first property company... North British Properties...

The centrepiece of the commercial side is the Regent Centre at Gosforth outside Newcastle...

companies in the North are facing recession. However, the bulk of the news coming from the region is still bleak...

epi-centre of today's industrial revolution based on North Sea oil. But the old industries, now in inevitable decline...

by over-competitive marketing and lobbies for individual projects — can be levied throughout the assisted areas.

On the offices front, rents are still too low in the main to warrant new building...

Reminder

The successful flotation of North British produces a much needed reminder that not all

Nearly the whole of the North was a development area until last week's revision of Government regional aid...

This is intended, of course, to focus even more attention on the depressed areas...

Slim

Perhaps the phasing out of grants to the intermediate areas will enable them to maintain some sort of edge...

One other essential for effective regional aid must be the halting of divisive competitiveness between the local areas...

In fact Newcastle is well placed to be the home for Immos (whether it remains an REB subsidiary or is floated off to the public as is rumoured).

This area, which has good access to the A166, is proving attractive to distribution groups who are willing to pay around £1.30 per foot for space.

Latest statistics show empty industrial space still on an upward cycle, but the overall figures are distorted by empty factories...

The bulk of industrial building is carried out by the English Industrial Estates Corporation. Last year it finished 700,000 sq ft of space...

Middlesbrough also reflects rents of around £3 and has 160,000 sq ft of vacant space plus a number of sites earmarked by the local authority...

Christine Moir



A modern shopping centre in Sunderland

THE NORTH WEST

Still above average

WITH INCREASING inflation, political change, fuel supply uncertainties and debate on the future of regional aid...

In the region is reducing. At 16.7m sq ft the total is now 6.3m down on a peak of 23m at the end of 1976...

chester contributed most to the regional reduction in modern floorspace. Cheshire was "remarkably buoyant" in the market...

developed by London and Leeds Investments, part of Ladbroke. At the same time a number of large vacated factories have found buyers...

flexible approach to development not totally dependent on a single comprehensive scheme to be implemented in one operation.

Meanwhile, there is strong demand for office space in towns to the south of Manchester. Small, prestigious blocks in places like Wilmslow, Knutsford and Alderley Edge find ready takers at rents around £4 per sq ft...

Demand

Bernard Thorpe reports continued demand for prime office space in Liverpool at rents around £4 per sq ft. Unlike Manchester, the city has had no major surplus of new accommodation levels...

Manchester's surplus of new city-centre offices, product of aggressive speculative development in the early 1970s, has been whittled down substantially to something in the region of 700,000-800,000 sq ft...

Speculation

Talks currently going on could confirm speculation about a major first letting being in the offing. If this proved correct it would account for around 100,000 sq ft and serve as a wider stimulus to the modern office market in central Manchester...

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Advertisement for Henry Butcher & Co, Leopold Farmer & Sons. Industrial Property Plant and Machinery Valuations Sales. UK and Overseas.

Advertisement for Portmans, Industrial Units. LONDON, N22 - WOOD GREEN. New Units available January 1980. 30000-60000 sq ft. NORTH MANCHESTER - HEYWOOD. New Unit close to M62 available March 1980. 25000-75000 sq ft. Freehold FOR SALE. LONDON, NW10 - ACTON LANE. Headquarters Factory/Office Building 62,000 sq ft.

Above

New industrial buildings under construction with occupation available within six months show that the North West is well above the national average, with a 24 per cent increase from 1.7m to 2.1m sq ft this year...

Much current demand centres on new, smaller units below 10,000 sq ft, including nursery scale projects which find ready tenants, and there is growing evidence that they are filling a need not only for embryonic home-bred companies but much larger external companies seeking a North West depot location.

Direct local authority initiatives in developing small units continue. Liverpool's success with 80 of its own units has been followed by a Department of Industry decision, thought to be the first, to allow the city to handle 24 of its advance factories. So far 18 of these have been placed. Manchester, which can also claim success with its first 26 units, has more in the pipeline. This month Greater Manchester Council opened 10 nursery factories, ranging from 2,000 to 5,000 sq ft, at Salford and Manchester built under the inner cities programme. Many are already let or under negotiation.

With the new awakening to the regeneration of inner city areas there will be close interest in the progress of both public and private development. In inner Manchester the first letting on Manchester Industrial Estate, being developed by Rowlinson Constructions in partnership with the city council, has been completed for a 14,400 sq ft advance factory at a rent of £1.75 sq ft claimed to be a record for an industrial estate in Manchester. A start has been made on Piccadilly Trading Estate, another inner area project, which is being de-

PROPERTY XII

NEW TOWNS

Continuing popularity

THE SETTING up and subsequent development of the UK's 32 New Towns is perhaps one of the most striking "success stories" of post-war Britain.

Ironically it was the success of the New Towns in attracting nearly 3,000 industrial companies and a total population of about 2.25m people over the last 30 years which led Mr. Peter Shore, former Environment Secretary, to offer the New Towns a new lower-key role in the overall regional strategy in April 1977.

Behind that decision was a feeling that the first-generation of New Towns had served their purpose and a fear that the continuing success of New Town development could only be at the expense of the run down inner city areas.

However, 18 months after Mr. Shore's decision the New Towns have come to grips with their

new role and can still offer the potential private investor an attractive option for industrial and commercial development.

The first generation of New Towns were developed in response to a combination of economic and social circumstances, in particular to demands for better living conditions coupled with a desire to ease the congestion of the major urban conurbations and the need to provide new employment and a stronger industrial base.

Under the 1946 New Towns Act the Government set up comprehensive administrative machinery—quite unlike the hitherto existing planning and development machinery operated primarily by the local authorities. The task of the new machinery was to plan, develop and manage, with the maximum efficiency, the expansion of

villages and small towns which were to be the embryonic forms of the future New Towns.

The key to the new machinery—and many would argue to the success of the New Town idea—was the Development Corporation, a semi-autonomous Government body acting under the direction of a Development Commission the members of which were to be appointed by the Secretary of State for the Environment.

Straddled between the existing machinery of central and local government, drawing funds to pay for the roads, houses and industrial estates from the Treasury while the usual authorities provided health, education, social services and the utilities, the Development Corporation has enjoyed a unique position.

The success of the New Town corporations in generating new

industrial investment for their localities has also given rise to a suggestion that the problems of the inner cities might best be solved by new-town style bodies. It is perhaps significant, for example, that in Docklands the recently established management team is led and staffed in part by experts from the New Towns.

As the New Towns reach their target populations and the first generation of New Towns Corporations are dissolved it is to be hoped that the expertise of those involved in their creation and development will not be lost from the UK economy. Certainly this is a fear that has been expressed by some people in the aftermath of Mr. Shore's decision.

The review conducted by the Department of the Environment in 1976-77 of New Town strategy was the first full review since the mid-1960s. In commenting upon the review Mr. Shore said it had "taken account of the substantial changes in national and regional population trends, of changes in our economic climate and industrial position, of changed conditions in our major cities and of changed attitudes of the conurbation authorities towards population movement and of the new balance that we are seeking to achieve between development within the cities and development outside."

As a result Mr. Shore proposed a series of major changes in the growth targets for some of the New Town authorities and the winding up of the earlier New Town Corporations. He said the Development Corporations in either of the earlier New Towns had largely and successfully completed the purpose for which they were established and would be wound up within five years.

Mr. Shore decided against the areas of Bracknell and Skelmersdale and against any further expansion of Redditch. Bracknell, which has a population of about 50,000 and a target population of 60,000, has had March 1982 as the target date for winding up the Development Corporation. In Skelmersdale

Mr. Shore announced in February this year that the target date for handing over the New Town property to the New Towns Commission will be April 1984. The town at present has a population of about 40,000 and a target of 61,000. June 1982 has been set as the date for winding up the Redditch Development Corporation, by which time the New Town should be close to its 70,000 population target.

The population targets of Basildon (130,000), Corby (70,000) and Runcorn (70,000) were left unaltered by Mr. Shore. Basildon is due for completion in September 1983, Corby in March next year and Runcorn in December 1981. The future growth of Harlow and Stevenage is to be placed in the hands of the local authorities and dissolution dates of September and June 1980 respectively have been set.

Statement

These eight New Towns, together with Crawley, Hatfield, Hemel Hempstead, Welwyn Garden City and four New Towns in Northern Ireland, Antrim, Ballymena, Craigavon and Londonderry, form the first and second generation of New Towns which have either been handed over to the Commission as "complete" or which will be handed over during the next four years.

In November last year Mr. Shore made a further statement on the three New Towns in the North East of England—Aycliffe, Peterlee and Washington. These towns, he said, had been asked to continue their contribution towards industrial development in the North East "with all possible vigour."

"Housing in Aycliffe and Peterlee has been transferred to the local authority and Washington's housing is due to be transferred to Sunderland Borough Council in 1980, with completion scheduled for December 1982. Nevertheless, because of the industrial needs of the region, all three New Towns were asked to continue their work attracting new jobs to the area.



Housing at Neath Hill, Milton Keynes

The six third-generation New Towns launched in the mid-1980s have been set lower population targets although development momentum is to be maintained. Mr. Shore said: "These New Towns must do more to help the inner cities by taking a higher proportion of disadvantaged people and also do more to meet the growing demand for owner occupation."

Following discussions with the Development Corporations, and local authorities, lower population targets were agreed. In Milton Keynes the Development Corporation was asked to induce population growth until the mid-1980s with a target of 150,000, although with natural growth the final target was set at 200,000 instead of the original 250,000.

In Northampton the Development Corporation has been asked to induce growth to 173,000 by 1982, leading through natural growth to a population of 180,000 by 1990 instead of the original target of 230,000.

At Peterborough industrial and natural growth is intended to lead to a population of about 160,000 by the mid-1980s, instead of the original target of 188,000. The population target for Telford was reduced from 220,000 to 150,000 by 1990; for Warrington from 205,000 to 170,000 by the late 1980s. The revised population target for Central Lancashire New Town was set at 235,000.

In total Mr. Shore reduced the New Town population targets by about 390,000, but it is perhaps too soon to evaluate the full effect these changes have had on New Town development. What is clear however is that the New Towns can still offer major advantages to new industrial development through provision of serviced industrial sites, housing for employees, high standard civic and social amenities and in those New Towns which are in the assisted areas, the various loans, grants and guarantees which form part of the regional industrial strategy.

Majority

A recent survey by the magazine Business Location File showed that the vast majority of companies which had set up in a New Town would recommend their New Town to another company looking for a new site. The survey also showed that New Town factories had lower levels of absenteeism and better performance than factories elsewhere.

One significant feature of the New Towns has been the low level of home ownership, which in most is well below the national average of 54 per cent and in Skelmersdale is as low as 17 per cent. This is in part a consequence of the Labour

Government's decision to restrict sales of houses to sitting tenants and the result of the instruction to New Town Corporations to build three houses for rent to every one for sale. This policy, however, has now been reversed by the Conservative Government which, this month, lifted restrictions on New Town Corporations building for sale.

The New Town idea is to be discussed at a major Commonwealth conference organised by the East Kilbride Development Corporation in association with the Commonwealth Institute in September. East Kilbride was, in 1947, the first New Town in Scotland and has grown from a village of 2,400 into the sixth largest town or city in Scotland. In three decades 32,000 jobs have been created in 370 industrial and 400 commercial companies. Over 23,000 houses have been built together with 270 shops, 32 schools and 24 churches. More than 250,000 people now live in the five Scottish New Towns.

The conference, which will be attended by delegates from more than 24 countries, will examine the role of New Towns and the potential for New Town developments overseas. It will also provide the first real opportunity for a detailed examination of the UK's New Towns under their revised role.

Paul Taylor



A guide for shoppers at Corby New Town

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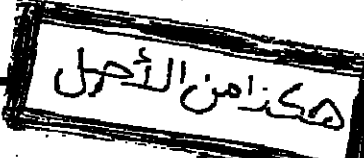
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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER



Unloved but needed

A DECISION by the British Government on the fourth passenger terminal for Heathrow Airport, designed to raise capacity there from the present 30m to 38m passengers a year, is expected to be made in the next few days before Parliament meets.

The decision is favourable as everybody in the airline industry hopes to see a long way towards solving what is always regarded as the most intractable problem of the airport: passenger traffic. This year is expected to exceed 30m, and a situation level of 38m is expected to be reached next year.

The decision will be only one step towards solving the real dilemma of what to do about airports for London and South-East England as a whole, which means providing enough capacity in terms of runways and terminals to cope with the expected growth in traffic through the 1980s and beyond.

Apart from the fourth terminal at Heathrow, other elements in the problem include the British Airports Authority's desire for a second terminal at Gatwick to raise capacity there from the present 12m to 20m passengers a year by the late 1980s, and most important of all, whether or not to develop a third major airport for London.

The case for all these projects in the Authority's and airline industry's view, is unshakable. Only this past week, Mr Norman Payne, chairman of the authority, pointed out that even allowing for dearest air fares, stemming from recent oil price rises, traffic can still be expected to expand through the 1980s by about 5 to 6 per cent a year, instead of the 3 to 4 per cent originally expected.



Ashley Ashwood

Saturday at Heathrow

year, and a second terminal at Gatwick, giving scope for 20m, and some limited further development at both Stansted in Essex and Luton in Bedfordshire, the total available capacity at these four airports in the 1990s would be around 65m passengers a year.

Against this, however, the authority's own forecasts indicate that even at the slower rate of growth, air passengers in the South-East are likely to number 59m a year by 1985, and 77m by 1990, rising thereafter to some 90m or more a year. It believes that dearest oil and dearest fares notwithstanding, world air travel will not be turned off like a tap, but is bound to go on growing.

In the light of these figures, the authority believes that the airlines do not disagree that there will be a shortfall in available airport capacity in the South-East of several million passengers a year by the mid to late 1980s, even allowing for the full operation by that time of both the fourth Heathrow terminal and the second terminal at Gatwick.

This shortfall is bound to get worse if nothing is done to meet

it. While some part of the expanding traffic could perhaps be accommodated at regional airports, the authority believes—and again the airlines agree—that about 80 per cent of all passengers will want to use airports in the South-East, because that is where their journeys will begin or end.

The Government is not yet committed to any of these developments, although it may soon decide in favour of the fourth terminal at Heathrow. Even so, that terminal could not be in service much before 1984. The second terminal at Gatwick is to be the subject of a Public Planning Inquiry, which could drag on for months, so that no decision to build it is likely to be taken until at least 1983, and it could not be in service much before 1985-86.

The timing of the third airport, if it is eventually decided on, depends entirely upon what kind of site it will have. If it is on a new greenfield site, built from scratch, it could take as much as 12 years to be functioning, including the time needed for all the relevant planning inquiries and land purchases, as well as design,

development and actual construction. The conversion of an existing military airfield would take some 10 years, while the expansion of an existing civil airfield would be the swiftest option, taking perhaps about seven years. The third airport will need, in the authority's view, to be a two-runway airport, covering about 5,000 acres, and capable of handling up to 50m passengers a year eventually, although initially it would probably handle fewer than that.

At best, therefore, the authority would like to see a decision on a third airport by next year, so that if it is decided to expand an existing airfield, it could be ready by 1987. What seems clear from this time-scale is that, even with the fourth terminal at Heathrow, and the second terminal at Gatwick, there is bound to be continued congestion at airports in the South-East for some time to come.

In order to find the best site for the prospective third airport, the Government earlier this year set up a small Study Group, comprising civil servants from many departments, representatives of

airlines, local authorities, trades unions, tourist bodies and the Airports Authority. After looking at more than 40 possible locations, it published in May a short-list of a possible six, each of which is being studied further, prior to sending its recommendations to the Government this autumn. The Study Group is unlikely to come down hard and fast in favour of one specific site. Rather, it will produce a list of "graded preferences", leaving the ultimate choice to the Government itself.

But the short list has already aroused considerable, even bitter, debate and can be expected to continue to stir strong emotions. It is a curious list, to say the least, for it includes some sites that have already been rejected by government for various reasons.

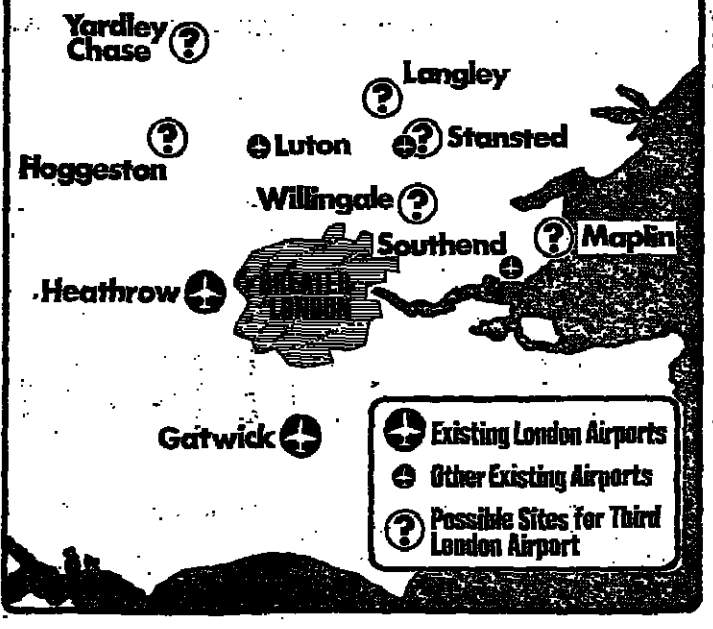
All of them are in an arc to the north of London, and all are within about 60 miles or so of the capital. One is at Hoggaston, in Buckinghamshire, and is for all intents and purposes the same as the original Cublington site chosen by the Roskill Commission (which also studied the whole problem at a cost of some £2m). This was rejected by the Heath Government as being environmentally unacceptable. Another is Maplin, on reclaimed land off the Essex coast. This was the Heath Government's choice, but was subsequently rejected by the Labour Government in the wake of the 1973-74 oil crisis. It was considered to be too expensive and unjustified in the light of the slackening of air traffic growth at that time—a trend which subsequent years saw substantially reversed, leading to many of today's problems.

The other three sites are all in Essex, and include the existing Stansted Airport, with a runway nearly two miles long, but requiring substantial new terminal buildings before being able to handle much more traffic; and two comparatively nearby sites, Langley to the north of Stansted and Willingale to the south. It could be argued that since Stansted exists, it is pointless to shut it to develop a new airport on either the Langley or Willingale sites.

The only factor that appears to be common to all of these sites, apart from Maplin on reclaimed land, is that they are all in pleasantly rural parts of England, and in areas predominantly middle-class in tone where the opposition is articulate, well-briefed and fierce. In several cases, that opposition has already had to fight bitterly against what it believes to be the unnecessary encroachment of the third airport on its tranquil preserves—at Cublington (Hoggaston), Maplin and Stansted.

The Study Group so far has given no hint of the way its mind is working, but the environmental groups are already lobbying hard against any inland sites being chosen, including Stansted. If there is any consensus at all among the environmental groups, it is that the airport ought to be sited at Maplin, on reclaimed land, where it will do least environmental damage to the fewest number of people—although the anti-Maplin lobby predictably disputes that.

The Government, through the Department of Trade, recognises that it has been saddled once again with a problem that has been a recurrent thorn in the side of all governments since the late 1950s. Mr Heath in the early 1970s thought he had solved it by opting for a combined airport and seaport at Maplin that would also provide a long-



practical reasons (such as proximity to London) the two sites in the short-list which must attract most attention appear to be Stansted and Maplin—Stansted because it is there already, and would cost least to expand to major airport standards, and Maplin because, although farther away and more expensive, it is the least objectionable environmentally.

At that time aviation observers pointed out that to cancel Maplin did not mean removing the problems it was intended to solve—a fact of which the current Minister for Aviation, Mr Norman Tebbit, seems to be well aware. Had Maplin not been cancelled it would by now be on the verge of becoming operational, and there would probably be no need for either a fourth terminal at Heathrow or a second terminal at Gatwick. The latter are at best ad hoc solutions to a problem that could have been solved once and for all several years ago.

The airlines and the airports authority agree that the worst decision now would be to shelve the matter once again, no matter for what reason. Whatever the cost, in cash and environmental terms, and even perhaps inconvenience for airlines and the travelling public, some kind of solution has to be found this time. A failure to do so can only be an increase in noise and congestion at Heathrow and Gatwick to intolerable levels, and may even cause the relapse of Britain into being a backwater of international civil aviation.

Regional aid to industry

From the Director, National Home Improvement Council.

Sir,—In the midst of the controversy over how Sir Keith Joseph, Secretary of State, decided to announce his proposals for cuts in regional aid to industry, let us not forget the wider implications of these measures. The CBI and other organisations have spent out the possible effects on industrial investment and the longer term effects on our national economy.

A wider, but equally important factor, is the limiting effect these measures will have on UK enterprises obtaining access to Common Market grant aid funds. It is a criterion for obtaining these grants that a small national grant is available, which in effect becomes "key money" to open the door to the EEC grant system. With further restrictions on industrial grants, we can expect fewer successful Euro-grants to industry.

The UK has already lost several opportunities in the past to obtain Euro-funds especially in the food industry where a narrow interpretation has been put on agricultural grants and consequently many UK companies and regions have missed out on the generous funds available from Brussels. Only FEAGA (Funds Européennes d'Orientation et de Garantie Agricole) grants which fit the UK system have been successful even though because of lack of pressure from the UK Government, the Brussels pay-out has often been delayed.

By and large our industrial grant aid system is too narrow and restrictive and therefore limits potential applicants for Common Market funds. Meanwhile Ireland, France and Italy in name but three countries have re-organised their national grant system to attract the maximum Common Market fund support.

It seems that in the current rapid grant cuts by the Government, vast areas of the country will be denied access to Euro-grants because of the lack of any national grant aid. This can only worsen the historical record of the UK in obtaining funds which we are fully entitled to out of the European system. It is no use the UK complaining at the high cost of membership of the EEC if we are not prepared to encourage the maximum intake of the financial benefits freely available to us.

Rather than make drastic cuts in regional grant aid, Sir Keith Joseph should re-plan the grant system to enable it to be used as "key money" to attract Euro-grant aid and loans which would go some way to compensate for the total national cuts required in expenditure. While at the same time assisting rather than detracting from incentives for industrial investment and even more important ensuring we get value for money out of our membership contribution to the Common Market.

E. T. Cantile,
National Home Improvement Council,
26, Stars Street, W.C1.

Response to the Budget

From Mr. D. Cruickshank.

Sir,—The Budget, by raising the after-tax value of take-home rewards, opened up a new chapter in work-related incentives and signalled to every board room in the country the most positive encouragement to improve productivity and begin the slow climb back to higher levels of industrial output. Yet the response from the British industry has been distinctly cool and seems lacking in imagination.

We read (July 16) of one company which, in response to the Chancellor's challenge, is to defer a request for Government aid. Another company is designing an internal campaign to get the late starters to work on time, while the CBI is to study the elimination of company perks and fringe benefits.

Surely there has to be a set of more positive, valuable and enduring responses to this long-heralded initiative. The British tax structure has for too long been a positive disincentive to achievement and has for too long conditioned our reactions to performance rewards. In the U.S. and Europe a different attitude prevails, particularly for top management, with incentive reward systems of every variety generating the most positive incentives to stretch for higher performance.

A golden opportunity now presents itself to reconsider how the best of these performance-related systems can be translated into the UK to ensure that at the level of the industrial company which is the only place where it can occur, there is a real response in performance, by executives to the opportunity Budget which has been introduced.

D. E. Cruickshank,
The Corporate Consulting Group,
24 Buckingham Gate, SW1.

Favoured smokers

From Mr. D. Townsend.

Sir,—In responding (July 16) to my assertion that the Budget tilted in favour of cigarette smokers and to the detriment of toilet soap users, Sir James Wilson, chairman of the Tobacco Advisory Council, raises a number of points which I suggest, with respect, are not relevant to the thrust of my argument. I assume he has not appreciated the way in which inflation has brought about a massive transfer in the burden of taxation from indirect to direct taxes during the past ten years.

The reason for this redistribution arose simply from the failure of successive Chancellors to adequately adjust both income tax allowances and quantity-based duties in line with the general rise in wages and prices. The central theme of the Budget was to initiate a reversal of this trend. Ironically, VAT has borne the brunt of this re-alignment, despite being a perfectly equitable tax in relation to inflation, as opposed to quantitative duties, which are the real villains of the piece. Whatever Sir James may say about Chancellors having the power to increase these duties, historically they have not kept pace with underlying costs. It follows that the larger element of quantitative duty in an overall tax package, such as

Letters to the Editor

applies to tobacco products, the larger is the potential for escaping tax, in real terms, as costs escalate. This is why I consider the enlargement of the quantity-based duty element of cigarette tax proposed in the Finance Bill to be a retrograde step.

The absolute level of tobacco tax is not, of course, germane to my case, and possibly Sir James would prefer to see it reduced to encourage wider enjoyment of the wholesome and health-giving properties of cigarettes; he might also like to see health warnings on toilet soap. All I am suggesting is that such ideas should be advanced openly and honestly, rather than inveigled on to the public via the media of taxation complexity, random inflation and the small print of Finance Bills.

D. A. Townsend,
21, Jewmead,
Huffon, Essex.

The price of gas

From Mr. M. Condon.

Sir,—I was glad to see that your Energy Correspondent in his "Energy review" (July 13) has raised the issue of artificially low gas prices. Unfortunately, in my opinion at any rate, he has concentrated overmuch on the downstream factors involved, whereas the basic root of the trouble—if it may be so called—lies in the very low gas prices obtaining at the well-head. Without going into detail about the reasons for this (basically monopolistic arm-twisting) the fact remains that such prices are approximately one-eighth (or less) of their true energy equivalent price, even without making allowance for the premium which gas itself commands in terms of convenience and cleanliness.

The matter has been further ventilated in forceful terms at the London Oil Analysts' Group Conference on July 18, where it was very properly and purposefully pointed out that such low prices have effectively halted exploration for gas in the southern part of the North Sea.

In fact, artificially low prices for fuel, which are seemingly attractive in the short term, often produce uncomfortable problems in the long run. We are witnessing just such a situation today in the USA.

M. J. Condon,
45 Ashley Gardens, S.W.1.

Word processor networks

From the Director, Office Products, IBM United Kingdom.

Sir,—The July 10 issue carried a survey on word processing. One part of the survey, headed "The big company networks" may have misled your readers. It implies that IBM does not yet provide the software required to permit large computers to communicate with word processors. This is untrue. Many of our word-processing products have been specifically designed to communicate with large computers. The communicating magnetic card type-writer, announced in 1971, is used as a terminal to both our own and other computer systems; the 6640 ink jet printer, announced in 1978, can be used

Fewer future managers

From Professor J. Higgins.

Sir,—The Government's recent cuts in the budgets of the Research Councils have had one result at least which I suspect may not have been intended. The Social Sciences Research Council faced with a £500,000 cut, decided to reduce support for postgraduate training across the board. Hence post graduate management trainees at Universities and polytechnics received the same cut. In studentships namely 28 per cent as, for example, sociology. As a result the Government has reduced, at a stroke, the number of trained future managers by about 100 per annum.

Indeed if we add the data now coming through from the Training Services Department for TOPS awards for management education, and I have heard estimates of reductions of from 20 per cent to 50 per cent on the 1978-79 numbers, the final figure may be more like 200 managers. (Professor) J. C. Higgins, University of Bradford, Management Centre, Emm Lane, Bradford, West Yorkshire.

Spread of the Eurocard

From the Director and Chief Executive, The Joint Credit Card Company.

Sir,—I must point out to your readers that the report by Mr. Charles Bachelier headed "European banks prepare joint credit card scheme" (July 4) gave an incorrect picture of the recent development of the Eurocard credit card in Europe. During 1978 and 1979 all the banks in Germany, Denmark, Finland and Switzerland purchased the local Eurocard companies in their respective countries. In France Caisse Nationale de Crédit Agricole, the largest French bank, has purchased Eurocard France. Banking interests in the remaining European countries are taking similar steps in respect of their local Eurocard companies and by the end of 1979 the Eurocard organisation will be controlled by the majority of the banks in Europe.

The banks in the Access scheme are vitally interested in the Eurocard development and together purchased an equity interest in Eurocard International in April, 1978. Indeed Access became associated with Eurocard in 1973 and since then Access cards have been honoured at the Eurocard outlets across Europe and reciprocal arrangements have existed from 1975 for the acceptance of Eurocards at all Access outlets.

The Eurocard organisation is, therefore, already a major force in the credit card scene and with the backing of major European banks its development will continue at an increasing pace. G. A. Gillespie, The Joint Credit Card Company, Chancery House, 365, Chancery Square, Southend-on-Sea.

Today's Events

UK: Sir Geoffrey Howe, Chancellor of the Exchequer, opens Financial Times conference on the Budget's effect on the economy. Other speakers include Mr. Denis Healey, Shadow Chancellor, and Mr. Tom Jackson, Union of Post Office Workers general secretary, London.

Mr. Sidney Weighell, National Union of Railwaymen general secretary, discusses energy crisis with Mr. David Howell, Energy Minister.

TUC-Labour party liaison committee meets at Congress House, London.

Princess Alexandra opens How to sell into the Common Market exhibition, Wembley Conference Centre, (until July 27).

Middle East Business Expo '79 opens at Grosvenor House, London (until July 28).

Euro-Japanese Exchange Foundation, High Wycombe, seminar on the European business climate for Japanese enterprises (until August 3). Speakers include Mr. Edward Heath and Mr. Len Murray.

Overseas: The Queen visits Malawi (until July 28).

EEC Finance Ministers meet to discuss the Community's Budget, Brussels.

Norwegian fishing vessels start capelin fishing off Jan Mayen island, in dispute with Iceland.

PARLIAMENTARY BUSINESS: House of Commons: Competition Bill, second reading; Motions on Appropriation (No. 2) (Northern Ireland) Order and Firearms (Amendment) (Northern Ireland) Order.

House of Lords: Companies Bill, third reading. Debate on energy in Europe. Debate on West European air fares.

OFFICIAL STATISTICS: Industrial and commercial companies: appropriation account, net acquisition of financial assets and net borrowing requirement (first quarter). New vehicle registrations (June).

COMPANY RESULTS: Final dividends: A. A. H. I. A. S. Cargo, Stirling Knitting, Interim dividends: Woodrow Watt Holdings, Howard Machinery.

Interim figures: Rock Darham. COMPANY MEETINGS: See Financial Diary on page 18.



One Australian bank recently handled \$100m trade payments between Australia and the People's Republic of China.

One Australian bank is assisting with the finance of three refrigerated vessels to transport Australian beef to South Korea.

One Australian bank provided a major international company operating in Indonesia with over \$50m to assist in the purchase of Australian manufactured goods.

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UK COMPANY NEWS

LCP strongly based for further development

SALES AND trading profit at LCP Holdings were ahead in the first quarter of the current year and the company has a strong base from which to produce improved full-time profits, says Mr. David Rhead, the chairman.

The continuing programme of capital investment in its trading estates, combined with rent reviews, led to an increase in rental income in 1979-80. For the engineering division the trading outlook remains difficult but all other divisions are enjoying increased demand, and significant growth in the contribution from overseas operations is anticipated, he reports.

Planned capital spending by the company at March 31 last, amounted to £5.3m (£3.2m), of which over £3m is to go into more investment property.

Building of a third tunnel kiln at Stourbridge Brick together with expenditure on plant will begin later this year. The group is now considering additional investment in its metals division including plant and equipment at Darlaston, more flange making capacity at Stockport and new warehouse facilities for special steels at Dinnington, Sheffield.

Total group borrowings at year end were sharply down from £20.2m to £8.9m compared with capital and reserves of £48m (£28.7m). Since then the company's medium term finance facilities have been extended and its existing capital base is more than adequate to accommodate the record level of capital spending, increased working capital and acquisition commitment, under its current programme, says Mr. Rhead.

As known in June this year the group acquired 12.9 per cent of Whitlock Corporation with a provision to purchase a further 67 per cent over the next three years. Mr. Rhead says the company will shortly make an offer to take its holding to between 20 per cent and 28 per cent.

For the year to March 31, 1979, LCP lifted taxable profit from £4.22m to £6.06m. The net final dividend is raised to 5.5p (4.78p) and a one-for-two scrip issue if proposed—as reported June 27. The principal reasons for the

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are in arrears or the sub-divisions shown below are based mainly on last year's timetable.

TODAY	
Intrins—Howard Machinery, Rock Darham, U.C. Investment.	
Finlay—A.H. Stirling Knitting, Woodrow Wyatt.	
FUTURE DATES	
C.S.C. Investment Trust	July 24
Hoover	Aug. 2
Northern Ind. Improvement Tr.	July 25
Northampton Manufacturing	July 26
TACE	July 26
Woolworth (F.W.)	Aug. 15
FURTHER	
Ashtons (James)	Aug. 2
Cableform	July 31
F.M.C.	Aug. 7
Owen and Robinson	Aug. 3
Ransom (Wm.)	Aug. 2
Regional Properties	July 26
Wholesale Fittings	Aug. 10

decrease in borrowings over the year were the disposal of the Homecentre operations to W. H. Smith and Son (Holdings) for £12m and £4.2m from the July rights issue.

During the 12 months £3.1m was invested in three trading estates, £3.6m in other fixed assets and an additional £3.2m in working capital.

Meeting, Birmingham, on August 15 at noon.

St. George's Laundry tops £100,000

For the year ended February 28 1979 St. George's Laundry (Worcester) has increased its profit from £45,864 to £102,346, on turnover ahead by £290,000 to £1.55m.

After tax of £44,312 (£17,702), net profit came out at £58,034 (£28,162) for stated earnings of 2.54p (1.18p) per 10p share.

The final dividend is 0.42p for a net total of 0.7p, against 0.56p.

MOVITEX SALE

Movitex has exchanged contracts for the sale of its

property at Stevenage (Hertfordshire) for £450,000 which will be used in the development of the existing business. Completion will take place on August 17.

The property, which is a site of approximately 24 acres, was acquired in 1977 at an initial cost of £95,000.

Kinta Kellas Rubber up to £0.55m

AN INCREASE in taxable profit of £72,152 to a record £549,850 was achieved by Kinta Kellas Rubber Estates in the year to March 31, 1979. Turnover was marginally better at £1.28m, against £1.13m.

Tin tributes were lower at £102,594, against £107,510, and replanting and replacement expenditure was up from £70,045 to £85,283. However investment income rose to £165,263, compared with £131,186.

Stated earnings per 10p share reached 6.97p (4.73p) from which is paid a total net dividend of 4.5p (3.5p), the final being 3.5p. The net balance emerged at £287,776 (£195,283) after tax of £262,074 (£282,415).

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times:

Beckman Instruments (Section: Overseas—New York).

Falerum Investment Trust (Income and Capital) (Investment Trusts).

Rodameo (Overseas—Amsterdam).

Slough Estates 8pc Convertible 1991-94 (Property).



Mr. Alan Stocks, chairman and managing director of IAS Cargo Airlines, who is due to report the preliminary figures today.

Downturn for Shell Australia

The higher world price of crude oil and continuing industrial problems at the refineries meant that the profit of Shell Australia fell back from \$54.1m to \$42.9m in 1978. Total revenue topped the \$1bn mark for the first time, reaching \$1.16bn compared with \$975.3m in 1977.

A \$247m asset revaluation has led to a further \$27m depreciation charge under the group's replacement cost accounting system, and this further affected the performance.

Mr. Leslie Froggatt, chief executive, said the past year had been extremely difficult with pressure on cash flow making it hard to maintain stock levels, fund working capital and exploration expenditure.

Good progress had been made on the proposed Worsley bauxite and alumina development in West Australia and Shell was hopeful that a decision to proceed with the project could be made before the end of the year.

GOLDEN MILE PAYS AGAIN

A further dividend of AS1m (£503,000) is being paid by Kalgoorlie Lake View to its three shareholders. Gold Mines of

Kalgoorlie receives AS470,000, Poselton Investments AS470,000 and Western Mining AS50,000.

KLV holds 52 per cent of the Golden Mile gold mining operations in Western Australia which are carried on by Kalgoorlie Mining Associates, the remaining 48 per cent being held by America's Homestake Mining.

The latest distribution by KLV is AS2m. It follows a first payment, announced in April, of AS980,000.

J. Michael set for expansion

THE DIRECTORS of John Michael (Saville Row), menswear group, are confident that the future is assured. Mr. J. M. Ingram, the chairman, tells members in his annual report.

He says the group is now heading in the right direction, but there is still much to be done. And returning to viability, "will necessitate considerable work and effort and will not be achieved overnight," he states.

As known pre-tax profits for the year ended January 27, 1979, rose from £22,801 to £70,000. The directors are looking forward to a period of controlled expansion. At least six new shops will be open before the end of 1979 and, subject to the availability of viable units, they intend to accelerate growth for 1980.

Midway fall at Habit Precision

Taxable profits of Habit Precision Engineering were more than halved in the six months to March 31, 1979, at £60,500 against £39,000, after higher interest of £26,000 compared with £12,000.

In the last full-year, the surplus of the precision cutting tools manufacturer reached £172,000 (£112,000).

The directors say the company has implemented plans to improve productivity at its Fulham factory. The Doncaster factory continues to service demand from all sections of industry.

The Dessau-Habit Inc joint venture has met with production difficulties which it is hoped will be eliminated by a move from Detroit to more suitable premises in New Jersey.

In line with the company's policy, share dealing activity has been reduced to a minimum; the directors say.

Turnover for the half-year rose from £66,000 to £784,000. Tax took £22,000, against £49,000. There is an extraordinary debit of £7,500 (£17,000).

Earnings per 5p share are shown lower at 0.68p (1.36p). The net interim dividend held at 0.55p—last year's final was 1.65p.

SIMCO MONEY FUNDS

Sutaria Investment Management Co. Ltd.
66 CANNON STREET, LONDON EC4A 3DF
Telephone: 01-236 1425

Rates paid to W/E 22nd July 1979	
Call	7-day
12 m.	12 m.
Mon.	13.766
Tue.	13.766
Wed.	13.817
Thurs.	13.756
Fri./Sun.	13.790

UK NEWS

Snags forecast for mail order sales

By RHYS DAVID.

MAIL order companies will find it increasingly difficult to continue to raise their share of retail sales—currently about 8 per cent of non-food purchases—as competition throughout retailing intensifies, according to a brokers' report on the sector.

The report by Henry Cooke, Lunsden of Manchester, points out that some of the factors which the industry was able to capitalise on in the 1950s and 1960s—the growth of the female workforce and working mothers in particular—have now run their course.

Relying on speedy delivery of goods, major advances in catalogue printing, bulk purchasing, and use of the approval or return system for goods, the industry was able to eat into the share of the retail market held by independents to achieve its present strength. With the independents now a much-reduced force, however, mail order is competing predomi-

antly with the multiples which have also used central purchasing power to squeeze smaller outlets.

Over the shorter-term the report forecasts that mail order will hold its own against major store groups in 1979. Helped by the consumer spending boom, the mail order groups' turnover could be up 15 per cent over 1978, with volume growth falling, however, from five per cent in the first half to 2.5 per cent in the second six months.

In the longer-term the report points to several factors affecting mail order's competitive position. The UK industry is unusual in its widespread use of door-to-door agents for collecting orders compared with the U.S. and the Continent, bringing both advantages and drawbacks.

If offers administrative savings, but may have been responsible for restricting penetration to the lower income groups.

National Savings record

By Eamon Fingleton.

THE NATIONAL SAVINGS Department had a net inflow of £100m last month, taking its total funds under management to more than £12bn for the first time.

The department's receipts remained buoyant at £271m last month, but withdrawals were also high at £171m.

The biggest elements in receipts were £68m sales of the 18th issue of National Savings Certificates and £85m deposited in ordinary and investment accounts at the National Savings Bank.

Withdrawals were swollen by pent-up demand for repayments after the civil servants' strike earlier this year.

New share by Northern Rock

NORTHERN ROCK Building Society is to introduce a new share account—the Five Year Extra Income Share—on August 1 at an interest rate of 10.75 per cent (equal to 15.36 per cent an investor paying basic rate income tax at 30 per cent).

This rate may vary but will be maintained at 2.00 per cent above the prevailing preference share rate.

£2m plant for Wirral

PLANS WILL be announced this week by a major American chemical company for a £2m development at Bromborough on the Wirral Peninsula Merseyside.

Officials from the North Carolina based Lithium Corporation of America have flown to Britain for a ceremony on the site with the Wirral district council representatives on Wednesday morning.

The plant, which will produce Lithium products for the European market, will provide 27 jobs initially, with a possible expansion to 60.

Windsor lorry ban to be made permanent

By LYNTON McAIN

THE "WINDSOR CORDON" experiment which banned heavy lorries in the town's centre is to be made permanent by Berkshire County Council.

The Freight Transport Association told a High Court judge in December that the ban cost operators up to £2,000 extra a year in detours. But Mr. Justice Neill rejected their application against the ban. An appeal which has been lodged may be heard by the autumn.

The hauliers will have a chance of object in the six weeks which will follow council

advertisements of the plan to make the ban permanent.

There were signs at the weekend that the council might consider ways of easing hauliers' problems. It said the longer journeys would now have to be "carefully considered in the light of the energy crisis."

The ban was imposed in June last year. Reports to the council's Heavy Commercial Vehicles Group, which is monitoring the experiment, show the ban has almost halved the number of heavy goods vehicles passing through Windsor.

The Nippon Credit Bank, Ltd.
Negotiable Floating Rate U.S. Dollar Certificates of Deposit
Maturity date: 23 October 1979

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the three month interest period from 23 July 1979 to 23 October 1979 the Certificates will carry an Interest Rate of 11 1/8 % per annum.

Agent Bank
The Chase Manhattan Bank, N.A., London

U.S. \$125,000,000
Midland International Financial Services B.V.
(Incorporated with limited liability in the Netherlands)
Guaranteed Floating Rate Notes 1993
Guaranteed on a subordinated basis as to payment of principal and interest by

Midland Bank Limited

For the six months from 23rd July, 1979 to 23rd January, 1980 the notes will carry an interest rate of 11 1/8 % per annum. The interest payable on the relevant interest payment date, 23rd January, 1980 against Coupon No. 3 will be U.S. \$57.50 per U.S. \$1,000 note.

Principal Paying Agent
European-American Bank & Trust Company,
10 Hanover Square, New York, N.Y. 10005 U.S.A.
Agent Bank: Morgan Guaranty Trust Company of New York, London

U.S. \$115,000,000
Union Bank of Switzerland (Panama) Inc.
(Incorporated in the Republic of Panama)

100,000 5 per cent Convertible Bonds due 15th May, 1989 of US\$1,150 principal amount each

Convertible into 1,500,000 bearer participation certificates of SFr. 20 par value each (at the rate of 15 bearer participation certificates for each Bond)

of

Union Bank of Switzerland
(Incorporated in Switzerland)

The following has agreed to subscribe or procure subscribers for the Bonds—

Union Bank of Switzerland (Securities) Limited

The 100,000 Bonds of U.S. \$1,150 each constituting the above issue have been admitted to the Official List of The Stock Exchange in London subject to the issue of the Bonds.

Particulars of the Bonds and of the Company and Union Bank of Switzerland are available in the statistical services of Extel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays and Public Holidays excepted) up to and including 6th August, 1979 from—

Rowe & Pitman,
City-Gate House,
39-45 Finsbury Square,
London EC2A 1JA

Williams de Brois Hill Chaplin & Company,
Pinner's Hall,
Austin Friars,
London EC2P 2HS

and The Stock Exchange in London

All of these Securities have been sold. This announcement appears as a matter of record only.

\$400,000,000
General Motors Acceptance Corporation

\$250,000,000 9.40% Debentures Due July 15, 2004
\$150,000,000 9 3/4% Senior Subordinated Notes Due July 15, 1989

Interest payable January 15 and July 15

MORGAN STANLEY & CO.
Incorporated

DILLON, READ & CO. INC.
GOLDMAN, SACHS & CO.
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
BACHE HALSEY STUART SHIELDS
DONALDSON, LUFKIN & JENRETTE
E. F. HUTTON & COMPANY INC.
LOEB RHOADES, HORNBLLOWER & CO.
L. F. ROTHSCHILD, UNTERBERG, TOWBIN
SMITH BARNEY, HARRIS UPHAM & CO.
WERTHEIM & CO., INC.

THE FIRST BOSTON CORPORATION
LEHMAN BROTHERS KUHN LOEB
SALOMON BROTHERS
BEAR, STEARNS & CO.
DREXEL BURNHAM LAMBERT
KIDDER, PEABODY & CO.
LAZARD FRERES & CO.
PAINE, WEBBER, JACKSON & CURTIS
SHEARSON HAYDEN STONE INC.
WARBURG PARIBAS BECKER
DEAN WITTER REYNOLDS INC.

July 20, 1979

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual Interest		Life
	gross interest	pay-able	
Barnsley (0226 203232)	12 1/2	1-year	250 3-5
Barnsley (0226 203232)	12 1/2	1-year	250 6-10
Redbridge (01-478 3020)	12 1/2	1-year	200 4-5
Redbridge (01-478 3020)	12 1/2	1-year	200 6-7

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 3.5.79.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	12	12 1/2	13 1/2	14 1/2	15 1/2	16 1/2	17 1/2	18 1/2

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICGF and FCI.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cannon Hill, London EC3V 3PB. Tel. 01-823 6314.

Index Guide as at July 19, 1979

Capital Fixed Interest Portfolio	116.16
Income Fixed Interest Portfolio	105.00

Chamberlin & Hill Limited

RESULTS AT A GLANCE

Year ended 31st March	1978	1979
Turnover	£2000	£2000
Profit before tax	8,553	7,561
Profit after tax	743	619
Earnings per share	11.56p	11.24p
Dividend per share (net)	2.028p	1.820p

*Adjusted for one-for-two bonus issue in December.

Despite the difficult trading conditions which applied throughout the year, the results achieved are satisfactory.

Demand for the Company's foundry products continued at reasonable levels except at the Lichfield Works, where a substantial reduction in order intake from one specialised market sector has led to a cut-back. Nevertheless, the outlook is satisfactory and the prospects for improvement in the foundry activity are good.

On the non-foundry side, further progress was made by Conduit Fittings Ltd. and the acquisition of Solenoids Regulators Ltd. was another step in the policy of diversification which will considerably strengthen our activities in the electrical engineering field. On an annual basis, the engineering subsidiaries are presently accounting for approximately 30% of group profits.

T. Marry, Chairman

مكتبة النهر

Strikes cut back earnings gain at Alcan Aluminium

BY OUR FINANCIAL STAFF

ALCANUMINUM'S second quarter earnings were cut back by 10% due to strikes...

Strong demand for Swiss venture

By John Wicks in Zurich

HEAVY DEMAND is reported by the Swiss National Bank for the money-market certificates offered this week...

Sime in China Engineers bid

BY PHILIP BOWRING IN HONG KONG

SIME DARBY Holdings is offering HK\$4.25 a share in a scrip alternative for the 25% per cent of Hong Kong quoted, China Engineers that it does not already own...

Higher profit at Elbit

By Our Tel Aviv Correspondent

ELBIT, ISRAEL'S computer producer, raised its after-tax profit to \$131.5m (\$13m) in the 1978 financial year...

Triomf Fertilizer advance

BY JIM JONES IN JOHANNESBURG

TRIOMF FERTILIZER investments, the South African fertilizer and agricultural chemicals holding company...

CURRENCIES, MONEY and GOLD

Discount houses stay afloat

BY COLIN MILLHAM

The discount houses are not expecting bonanza profits this year, but with prudent management may hope to produce reasonable returns...

Union certainly subscribes to this view, with Mr. Richard Petherbridge, the company's senior managing director, pointing out at the announcement of the interim dividend last week that Britain now has a monetarist Government committed to squeezing inflation out of the system...

CURRENCY RATES table with columns for Country, Rate, and Date.

OTHER MARKETS table with columns for Country, Rate, and Date.

THE DOLLAR SPOT AND FORWARD table with columns for Country, Spot Rate, and Forward Rate.

THE POUND SPOT AND FORWARD table with columns for Country, Spot Rate, and Forward Rate.

EXCHANGE CROSS RATES table with columns for Currency, Rate, and Date.

MONEY RATES table with columns for Country, Rate, and Date.

LONDON MONEY RATES table with columns for Instrument, Rate, and Date.

NEW YORK MONEY RATES table with columns for Instrument, Rate, and Date.

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table.

Table of company dividend statements with columns for Company Name, Date, and Amount.

EQUITIES table with columns for Stock Name, Price, and Change.

FIXED INCOME table with columns for Stock Name, Price, and Change.

"RIGHTS" OFFERS table with columns for Stock Name, Price, and Change.

BASE LENDING RATES

Table of base lending rates for various banks and currencies.

Public Works Loan Board rates table with columns for Loan Type, Rate, and Maturity.

I.G. Index Limited 01-351 3466. Three month Copper 809.5-807.5 28 Lamont Road, London SW10 0HS.

INSURANCE BASE RATES table with columns for Insurance Type and Rate.

European Coal and Steel Community U.S. \$150,000,000 Graduated Rate Bonds Due July 1, 1991. Daiwa Securities Co. Ltd. The Nikko Securities Co., Ltd. The Nomura Securities Co., Ltd. Yamaichi Securities Company, Limited. The Nippon Kangyo Kakumaru Securities Co., Ltd. Merrill Lynch Securities Company, Sanyo Securities Co., Ltd. Wako Securities Co., Ltd. Dai-ichi Securities Co., Ltd. Okasan Securities Co., Ltd. Osakaya Securities Co., Ltd. Yamatane Securities Co., Ltd. Loeb Rhoades Hornblower Securities Corporation, Tokyo Branch. Koyanagi Securities Co., Ltd. Marusan Securities Co., Ltd. Toyo Securities Co., Ltd. Yachiyo Securities Co., Ltd. Vickers da Costa Ltd., Koa Securities Co., Ltd. Meiko Securities Co., Ltd. National Tabayashi Securities Co., Ltd. Nichiei Securities Co., Ltd. The Toko Securities Co., Ltd. Hinode Securities Co., Ltd. S. G. Warburg & Co. Ltd. Daiwa Europe N.V. Algemene Bank Nederland N.V. Banca Commerciale Italiana. Banque Bruxelles Lambert S.A. Banque Nationale de Paris. Caisse des Dépôts et Consignations. Credit Suisse First Boston Limited. Dresdner Bank Aktiengesellschaft. Hill Samuel & Co. Limited. Kredietbank International Group. Salomon Brothers International. Société Générale. Société Générale de Banque S.A.

INSURANCE APPOINTMENTS WORLD STOCK MARKETS

Brokers back the long-term deal

BY OUR INSURANCE CORRESPONDENT
QUITE WHEN the practice first commenced no one can say, but certainly for the working lifetime of the longest-serving insurance men and women, companies and underwriters have offered commercial policyholders special discounts for long-term agreements, particularly for insurances against fire, other material damage perils and business interruption risks.

Board post at Stenhouse

Mr. H. Houghton has been appointed to the Board of STENHOUSE HOLDINGS. He is executive director of Reed Stenhouse Companies of Canada, in which Stenhouse Holdings has a 53.78 per cent equity holding. Mr. Houghton is also chief executive of A. R. Stenhouse Reed Shaw and Partners, the group's insurance broking company responsible for its world-wide activities excluding the Americas.

Indices

Table with columns for indices: NEW YORK - DOW JONES, EUROPE, AMSTERDAM, BRUSSELS/LUXEMBOURG, SPAIN, STOCKHOLM, GERMANY, VIENNA, CANADA, MILAN, PARIS. Includes high/low values and percentage changes.

Table with columns: N.Y.S.E. ALL COMMON, JOHANNESBURG, KONTAKAL. Includes high/low values and percentage changes.

Table with columns: TOBACCO Composite, JOHANNESBURG Gold Industrial, Australia, Belgium, Denmark, France, Germany, Holland, Hong Kong, Italy, Japan, Singapore. Includes high/low values and percentage changes.

Table with columns: FRIDAYS ACTIVE STOCKS, AMSTERDAM, BRUSSELS/LUXEMBOURG, SPAIN, STOCKHOLM, GERMANY, VIENNA, CANADA, MILAN, PARIS. Includes high/low values and percentage changes.

WALL STREET

Table with columns: NEW YORK, High, Low, Stock, July 20, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1. Lists various stocks and their price movements.

APPOINTMENTS

Table with columns: Company, Prices, Change, July 22, July 19, July 18, July 17, July 16, July 15, July 14, July 13, July 12, July 11, July 10, July 9, July 8, July 7, July 6, July 5, July 4, July 3, July 2, July 1. Lists various companies and their stock price changes.

WORLD STOCK MARKETS

Table with columns: NEW YORK - DOW JONES, EUROPE, AMSTERDAM, BRUSSELS/LUXEMBOURG, SPAIN, STOCKHOLM, GERMANY, VIENNA, CANADA, MILAN, PARIS. Includes high/low values and percentage changes.

WORLD STOCK MARKETS

Table with columns: N.Y.S.E. ALL COMMON, JOHANNESBURG, KONTAKAL, TOBACCO Composite, JOHANNESBURG Gold Industrial, Australia, Belgium, Denmark, France, Germany, Holland, Hong Kong, Italy, Japan, Singapore. Includes high/low values and percentage changes.

NATIONAL Wash... FT... Volume: 78,000... Source: Rio de Janeiro SE.

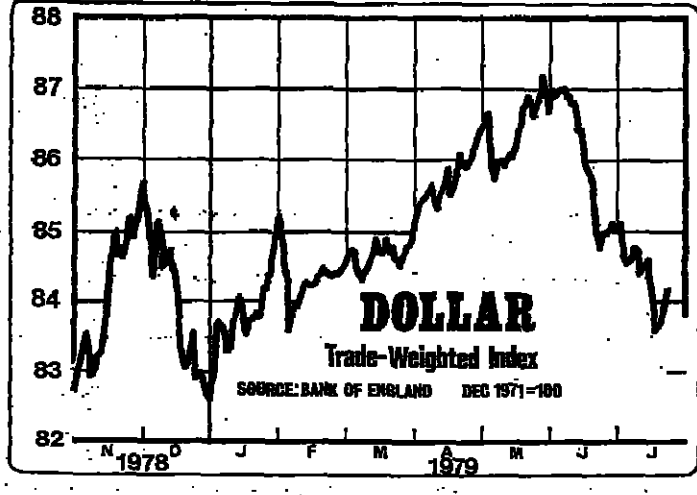
Handwritten signature/initials in a box.

INTERNATIONAL BONDS

Washington bewilders the market

AS THE Eurobond market... Washington's... market... bewilders... the market...

de Chile is the first public bond... borrowing requirements... The only dollar bond to fare well in the secondary market last week was the \$115m...



In such a climate, few new issues can be expected other than FRN offerings... The nine international institutions whose debt issues in foreign currencies can now be bought by British investors are: European Economic Community, European Investment Bank, European Coal and Steel...

BY FRANCIS GHILES

CURRENT INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount, Maturity, Av. life, Coupon, Price, Lead manager, Offer yield. Lists various international bond issues from U.S. Dollars, D-Marks, Swiss Francs, and Kuwaiti Dinars.

EXCHANGE CONTROLS

Strengthening UK placing power

BRITAIN last week took the decision to discontinue its... strengthening UK placing power... exchange controls...

These suggestions appeared... The new relaxations helped... Britain's exchange barriers, which date back to World War II, have historically tended to hamper the British banking system's penetration of the...

BY JOHN EVANS

BY STEWART FLEMING

Initiatives by the Fed

PRESIDENT CARTER'S Press Secretary Mr. Jody Powell on Thursday accused the financial markets of "over-reacting" to political events... Initiatives by the Fed... modest increase—designed as it is to do as little damage as possible to a weakening economy—be enough to help the dollar which has been hurt by the recent increases in interest rates in both Germany and the United Kingdom...

FT INTERNATIONAL BOND SERVICE

Table of U.S. Dollar Straights and other bond data. Columns include Issued, Bid, Offer, Change on week, Yield.

Table of Yen Straights and other bond data. Columns include Issued, Bid, Offer, Change on week, Yield.

Table of Floating Rate and other bond data. Columns include Spread, Bid, Offer, Cdn, Cdn, Cylid.

Table of Bond Trade Index and other bond data. Columns include Medium term, Long term, Eurobond turnover.

AGA Aktiebolag advertisement. Includes company name, U.S. \$25,000,000 7 1/2 per cent. Convertible Bonds 1989, and a list of international banks and financial institutions.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Minster Fund Managers Ltd, MIA Unit Trust Managers Ltd, and others, including their names, addresses, and contact information.

Table listing various unit trusts including Prudential Portfolio Mgmt. Ltd, Guller Management Co. Ltd, and others, with columns for name, address, and contact details.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bond companies such as Abbey Life Assurance Co. Ltd, Crown Life Assurance, and others, including their names, addresses, and contact information.

Table listing various unit trusts including Tower Unit Trust Mgmt. Ltd, Trades Union Unit Trust Managers, and others, with columns for name, address, and contact details.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bond companies such as Lloyds Life Assurance, Prudential Pension Limited, and others, including their names, addresses, and contact information.

OFFSHORE AND OVERSEAS FUNDS

Table listing various offshore and overseas funds such as Alexander Fund, Keyser Ulmstock Ltd, and others, including their names, addresses, and contact information.

NOTES: This table includes a section with notes regarding the data presented, likely explaining the units, currencies, and other relevant details for the unit trusts listed.

FT SHARE INFORMATION SERVICE

Food industrial valuers

BRITISH FUNDS

“Shorts” (Lives up to Five Years)

Table of British Funds with columns for Stock, Price, and Yield.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years).

Over Fifteen Years

Table of British Funds (Over Fifteen Years).

Undated

Table of British Funds (Undated).

INTERNATIONAL BANK CORPORATION LOANS

Table of International Bank Corporation Loans.

LOANS

Table of Loans.

Financial

Table of Financial data.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails.

BANKS & HP—Continued

Table of Banks & HP—Continued.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics—Cont.

ENGINEERING—Continued

Table of Engineering—Continued.

AMERICANS

Table of American stocks.

Hire Purchase, etc.

Table of Hire Purchase, etc.

DRAPERY AND STORES

Table of Drapery and Stores.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads.

ELECTRICAL AND RADIO

Table of Electrical and Radio.

CANADIANS

Table of Canadian stocks.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase.

FOOD, GROCERIES—Cont.

Table of Food, Groceries—Cont.

HOTELS AND CATERERS

Table of Hotels and Caterers.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans.

FINANCIAL TIMES

Published in London & Frankfurt. Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4A 4BF.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscel.).

INSURANCE

Table of Insurance.

FINANCIAL TIMES

Published in London & Frankfurt. Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4A 4BF.

EDITORIAL OFFICES

Manchester: Queen's House, Queen Street. Tel: 666813. Telex: 6681. London: 22, Abchurch Lane. Tel: 3637. Telex: 3637.

MANCHESTER: QUEEN'S HOUSE, QUEEN STREET

Manchester: Queen's House, Queen Street. Tel: 666813. Telex: 6681. London: 22, Abchurch Lane. Tel: 3637. Telex: 3637.

AMSTERDAM: P.O. BOX 1796

Amsterdam: P.O. Box 1796. Tel: 1627. Telex: 1627.

BIRMINGHAM: GEORGE HOUSE, GEORGE ROAD

Birmingham: George House, George Road. Tel: 336550. Telex: 336550.

BONNEN: 39 RUE DUAUX

Bonn: 39 Rue Duaux. Tel: 23283. Telex: 23283.

ADVERTISMENT OFFICES

Birmingham: George House, George Road. Tel: 336550. Telex: 336550. London: 22, Abchurch Lane. Tel: 3637. Telex: 3637.

MANCHESTER: QUEEN'S HOUSE, QUEEN STREET

Manchester: Queen's House, Queen Street. Tel: 666813. Telex: 6681. London: 22, Abchurch Lane. Tel: 3637. Telex: 3637.

AMSTERDAM: P.O. BOX 1796

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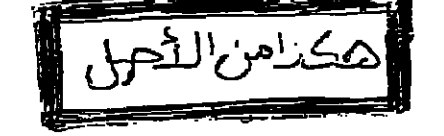
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Left-Right squabbles certain during Labour's conference

BY ELINOR GOODMAN, LOBBY STAFF

THE LABOUR PARTY'S annual conference looks like disintegrating into precisely the kind of internal squabble which Mr. James Callaghan, party leader, has been trying to avoid since his election defeat in May.

The list of resolutions, published yesterday, shows that many of the issues which have been causing such friction in the party look like coming to a head in Brighton in October.

Many of the 387 resolutions submitted to conference are highly critical of the Parliamentary leadership and contain proposals for clipping the powers of the party leadership.

Though Mr. Callaghan and his colleagues in the Shadow Cabinet may succeed in fending off these threats to their authority, the debates are sure to expose all the painful divisions between Left and Right at a time when Mr. Callaghan would prefer the party to be using all its energies to attack the Tories.

Some criticism of the leadership was to be expected at the first conference following the election, but the criticism goes further and deeper. One constituency party even goes as far as demanding Mr. Callaghan's resignation, while another criticises the life styles of labour leaders. Others are highly critical of the last Government's economic policies and the way it ignored the declared views of the party conference.

Powers

As the list of resolutions makes clear, the Left will use conference again in an attempt to ensure that in future the leadership is not in a position to ignore the wishes of conference.

All the clauses which Mr. Anthony Wedgwood Benn has

been pushing in his position as a member of the party's National Executive Committee are down for discussion.

Left-wingers on the NEC have already succeeded in getting the rule which prevents discussion of the same subject more than once every three years waived so as to clear the way for a debate on the rules governing the election of the Labour leader and re-election of sitting MPs.

A total of 26 proposals have been submitted calling for the introduction of a new procedure which would mean that sitting MPs would have to go through selection procedures like new candidates. Another large batch proposes that the conference should be increased at the expense of the Parliamentary Labour Party.

Both ideas were rejected by

conference last year and, though in the case of the re-election of MPs, the proposal was only lost by a very small margin, the assumption is that they will be lost again this year.

But together with other proposals which will probably be discussed on permanently abolishing the three year rule and, most fundamentally of all, changing the rules governing the drafting of the party's manifesto, they will mean that much of the conference is taken up with internal discussions.

The one Tory policy which the conference looks like being united in condemning is its plans for selling off State assets — though even on this issue, there looks like being disagreement over the remedy.

A total of 60 resolutions have been submitted calling on a future Labour Government to re-nationalise State assets.

Murray attacks cuts in spending

By Gareth Griffiths, Labour Staff

MR. LEN MURRAY, TUC general secretary, said yesterday that the Government was trying to make public expenditure into "dirty words scrawled on a wall."

Mr. Murray was speaking at the trade union Tolpuddle rally in Dorset. He made a strong plea in favour of public spending and said the cuts would have an adverse effect on both the private and public sector.

"What the Government is doing threatens a great staff of workers. When you add all these up, the sum total is a large increase in unemployment. That is not only immoral and unnecessary, it is absurdly wasteful."

"Having people on the dole is the public expenditure we should strive to do without," he said.

'Bad seed'

He accused the Government of a confidence trick in trying to present cuts that hit public service workers as a benefit to the rest of the country. He said the trade union movement would expose the trick.

Public spending had to be seen in its true light and fitted into the battle against inflation. Using an agricultural metaphor for his country setting, Mr. Murray said the people of Britain will be "reaping the harvest of the bad seed the Government has sown" by the end of the year.

It was the second major attack on the Government at the weekend. Mr. James Callaghan, the leader of the opposition, called the first three months of Mrs. Thatcher's administration "disastrous."

He told the Durham Miners' Gala on Saturday that Government policies were alienating people day by day and he could not recall any time in the post war period when a Government elected by such a large majority had forfeited public confidence so early on.

Forfeit

Mr. Callaghan said present industrial policy was cutting assistance to industries and firms which needed it. Government policies added to world trends of high oil prices, high inflation and low growth. It was the utmost folly, he said. The average family's tax reductions had been swallowed up by higher value added tax and higher prices.

Weather

UK TODAY MOSTLY dry though rather cloudy. Occasional rain in the south and west. Rather cool. London, SE, NW, Cent. N. Eng., E. Anglia, Midlands, Lakes, N. Wales, SW Scotland, Glasgow, Argyll, of Man, N. Ireland. Mostly dry, rather cloudy. Max 18C (64F). NE Eng., Borders, Edinburgh and Dundee. Mostly dry with sunny periods. Max 17C (63F). SW Eng., Rest of Scotland, S. Wales, Channel Is. Cloudy with occasional rain. Rather cool. Max 18C (64F). Orkneys, Shetland. Scattered showers with sunny intervals. Rather cool. Max 10C (50F). Outlook: Occasional rain followed by sunny intervals. Rather cool.

Table with columns: City, Y day, Y day, City, Y day, Y day. Lists various international cities and their weather forecasts.

THE LEX COLUMN A UK eye view of German markets

British fund managers may have spent an uncomfortable weekend longing for the good old days when a high dollar premium ruled out the need even to consider spreading their funds abroad.

At the London end they will be receiving all the encouragement they could possibly need. The European departments of the big stockbrokers have been working below capacity for years. They are now snuffing a good deal of potential business — the output of circulars will be feverish.

Some German bankers believe the bond market's strength is the most favourable point for equities at the moment. Non-residents may only buy bonds with more than four years to run, and the yield curve from this maturity out to 10 years is very flat.

The relative pessimism of the German financial community, while recognising that the equity market may be dominated by external flows for some time, reflects the likelihood that real growth in GNP and corporate profits will slow next year.

The persistently tight monetary policy, and fears that the trade unions, faced with the fastest inflation for five years, may not behave with their proverbial restraint this winter are additional problems.

The market is in two minds about the mark: substantial strengthening from the L80 to the dollar level would revive the old worries about export competitiveness, while a tougher monetary policy in Washington could bring a sudden outflow from the German markets back into dollars.

The Bundesbank might be delighted, but the stock market could look rather groggy.

The German equity market has come back from last October's peak of 27% on the FAZ index under the influence of the rising oil price and the steady tightening of credit by the Bundesbank.

The jacking up of interest rates broke the back of the bond market, but although it appears certain that the Bundesbank will continue with a restrictive policy, and short interest rates could rise a little further, the long end of the bond market is now beginning to discount a fall in interest rates next year.

Here again much of the impetus has come from foreign interest in D-mark fixed-interest paper: yields on 10-year state bonds have now come down to just below 8 per cent from 8.2 per cent or so at the peak, but the real returns to a German investor are still substantial.



London brokers are advocating Veba. Veba has risen less than most other international energy stocks but Frankfurt bankers are expecting a rights issue in the near future.

The chemicals have the advantage of high yield but their 1980 profits may be under pressure. BASF, with some self-sufficiency in feedstock, may be the best placed.

Last year's tax changes in Germany, which allow domestic investors to offset a tax credit on dividends against income tax, brought private investors and local insurance companies back to the equity market but penalised the foreign investor, as many companies took the opportunity to cut their net dividends.

There is little mileage in buying German equities for yield. A German resident earns 8.9 per cent on BASF, for example, but a foreigner gets only 4.4 per cent or even less after withholding tax, which is awkward to reclaim. But domestic investors are yielding higher and stock prices respond quickly to higher dividends.

Withholding tax is also a nuisance for foreign investors in the bond market. British investors may prefer Dutch bonds, on which the tax is not levied and which offer an extra dollop of yield to make up for the inferior currency. The crucial one sterling has recently been more volatile than the average German blue chip share price, and a good deal higher yielding in money market terms. British funds are unlikely to increase their overseas exposure very greatly while the pound remains on a strong upward trend, but a fund planning any diversification simply cannot expect to catch the turn in the currency.

In the immediate future a cautious policy may pay off. The German equity market is probably due for a little consolidation, and in any case it is new entering the sleepy summer period when there is little chance of prices running away. But if German securities have not yet reached their cheapest point in sterling terms, they may not be very far off it. A little judicious acquisition of D-mark assets now may look quite clever in a year's time.

It would be a shame if the British funds' lack of experience in the German market caused them through timidity or mere inertia to miss an opportunity that only a short time ago would have seemed too good to be true.

Engineers

When it comes to individual shares the German banks are active buyers at present of heavy engineering shares for their clients — Mannesmann, Linde, GHH all with strong new order positions — and stocks with exposure to the nuclear industry, as Germany's commitment to a heavy nuclear investment programme is no longer in serious question.

This means Siemens and Deutsche Babcock Siemens has been one of the star performers in the market's recent rally. Volkswagen is almost universally preferred to the other motor shares, given its range of small models available for the U.S. market, and many

Cabinet postpones EMS decision

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Cabinet will wait until late October or November before deciding whether the UK should participate fully in the European Monetary System.

The original intention was for a decision to be made by mid-September. The delay is for internal and external political reasons and reflects the official advice of both the Treasury and the Bank of England that sterling should not be pegged to the exchange rates of other EEC countries in the immediate future.

Just after she became Prime Minister, Mrs. Margaret Thatcher said the Government would have considered its position on EMS by the time the EEC countries formally reviewed the system in September.

The UK decision will now follow that review.

The predominant official view is that whatever the longer-term desirability of joining EMS there is an overwhelming short-term case for delaying a decision for as long as possible in view of the recent sharp rise of sterling.

The sterling exchange rate is seen by many officials as unsustainably high in the long-term in view of the erosion of Britain's competitive position. But they recognise that sterling could rise even higher in the next few months.

There is an obvious desire to avoid pegging the rate just before it might be brought down by market pressures. Caution about the potential

volatility of the rate is reinforced by uncertainties about the coming wage round and hence about the medium-term inflation prospects, as well as by doubts over the outlook for the dollar and the possibility of an early realignment of the existing EMS currencies.

Another reason for delay is to allow time for differences of view within the Government to be resolved. Broadly the division is between the Foreign Office Ministers, in favour of participation, and the economic ministers who are sceptical.

The decision on EMS will be taken in parallel with British negotiations to reduce its net contributions to the EEC Budget. The UK hopes to resolve both issues by the time of the Dublin

summit of EEC leaders in late November.

There is no significant pressure from other EEC countries for the UK to participate now, since a strong pound could cause even more serious problems for an already strained series of currency relationships within the EMS.

The UK has been attempting to appear a more constructive member of the EEC than its Labour predecessor on EMS and on other economic matters. The UK has agreed to deposit a fifth of its gold and dollar reserves as part of the short-term currency swap facilities and has relaxed exchange controls specifically on portfolio investment in EEC securities.

U.S. lure hits UK tourism

BY ARTHUR SANDLES

A SURGE in the number of Britons holidaying in the U.S. is denting Britain's tourism industry surplus.

The U.S. could attract more than 900,000 UK visitors this year and is now among the top six holiday places for Britons.

The absence of DC-10s on the North Atlantic in recent weeks may have slowed the growth in numbers, but the strength of sterling against the dollar will help boost the overall trend.

Latest figures show a 39 per cent rise in Britons visiting the U.S. in the first quarter of this year, compared with the same period last year. The number of visitors to North America was 26 per cent above 1977.

The ominous news for the balance of payments is that the first quarter figures produced by the International Passenger Survey for the Department of Trade showed spending by UK residents abroad to be up 14 per cent. Spending in the UK by foreigners was down 2 per cent.

Hottellers and tourist officials believe the trend has continued into the summer. The number of foreigners coming to Britain in the first quarter of 1979 was down 7 per cent on the previous year.

Scottish Agency curbs hitch

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT is running into problems with a proposal to curb the investment powers of the Scottish Development Agency by involving private capital in a new joint financial institution.

The three main Scottish banks, the Royal Bank, Clydesdale, and the Bank of Scotland, have already told Mr. Alec Fletcher, Scottish Industry Minister, that they see difficulties in operating the scheme and will underline their reservations shortly in a letter from the committee of Scottish Clearing Bankers.

Mr. Fletcher had hoped to make a statement about the new guidelines for the Agency before Parliament's summer recess starts at the end of the

week, but he is now unlikely to do more than indicate that consultations are still taking place.

Although designed by the Labour Government as an Interventionist body, the Scottish Agency, like its counterpart in Wales, the Welsh Development Agency, has a much wider role than the National Enterprise Board. The Conservatives support its activities in factory building, clearing industrial dereliction, helping small businesses and attracting investments from abroad, but they are concerned to limit its investment in industry.

The plan in Scotland was to channel public investment through a new Scottish investment bank, in which the SDA

would be a partner with the private banks.

Their commercial judgment, it was thought, would ensure that companies receiving aid had a reasonable chance of viability and were not being propped up.

But the banks feel that either the new investment bank would act commercially, in which case it would merely duplicate their own service, or it would take a less strict view and would lead them into high-risk investments.

The banks do not accept that there is an "equity gap," as proposed by the SDA to the Wilson committee, nor that viable commercial propositions — even new ventures starting from scratch — fall because they cannot find private capital to back them.

Stein attacks Gaming Board

BY CHRISTINE MOIR

MR. CYRIL STEIN, chairman of the Ladbroke Group — which was refused licences last week for three of its London casinos — has written to shareholders complaining of the Gaming Board's attitude during the Westminster Magistrate's hearing.

The board, together with police and other casino operators, led the opposition to renewal of Ladbroke's licences. It will be Ladbroke's chief opponent during the company's appeal against the decision later this year.

Mr. Stein says he is concerned that "the hearing effectively amounted to a review of practices which have never previously been disapproved of by any authority."

These practices — not specifically described, but said by Mr. Stein to be normal throughout the casino industry — were aired at length during the hearing.

Mr. Stein claims that the board has previously had every opportunity to make clear its views on such practices. He complains that "in the absence of any reasoned judgment"

from the London Licensing Committee there is no indication of what factors influenced the decision.

Shareholders are assured that Ladbroke will fight to protect the licences. The casinos can continue to operate until the outcome of the appeal.

Last year, Ladbroke's casinos accounted for over 30 per cent of UK industry turnover and brought in £8m of foreign currency. Profits were also high for the first six months of this year. Interim figures will be published on August 29.

Home Office team will process Viet refugees

BY DAVID DODWELL IN GENEVA

A HOME OFFICE team leaves London for Hong Kong on August 12 to begin processing Indo-Chinese refugees for permanent settlement in Britain.

Britain last week agreed to accept a further 10,000 refugees, exclusively from Hong Kong and this will take the total now pledged by Britain to almost 15,000.

News of the Home Office mission emerged in Geneva at the close of the two-day international meeting under UN auspices during which Vietnam showed to world pressure to halt the chaotic exodus.

The Hong Kong Government revealed yesterday that current talks with U.S. officials are likely to result in a substantial number of refugees who are now in Hong Kong camps being accepted for resettlement in the U.S.

absorb 10,000 refugees immediately but that a large proportion will probably arrive in the UK before the end of the year, to take pressure off Hong Kong's crowded refugee camps.

There are more than 66,000 refugees in camps in Hong Kong. About 8,000 have arrived so far this month, though in June refugees were at one stage arriving at a rate of 1,000 a day.

Vietnam agreed to "make every effort to stop illegal departures." It has, in effect, been put on probation by the world community, which will closely monitor the refugee outflow in the months ahead.

The Geneva conference achieved a diplomatic success in persuading the Vietnamese to attend, to stay to the end and to offer concrete concessions.

In the words of U.S. Vice-President Walter Mondale, the world will now "watch and wait and hope."

Shipyard

Continued from Page 1

package of aid would be temporary and tapering.

The £85m intervention fund, used to subsidise British bids for ship sales, will be cut at once. This should have little impact as last year British Shipbuilders managed to use only £16m of the fund.

In return, Mr. Voell has been asked to ensure that in future his department does not unnecessarily delay applications to use the fund. Such delays are said to have resulted in lost orders.

Financial limits on British Shipbuilders are expected to be aggregated over two years, giving the corporation more room to manoeuvre this year within the framework of declining support.

Carter

Continued from Page 1

endorsed the elevation of Mr. Jordan, said in an interview yesterday that Mr. Carter will find it difficult to improve his standing in the polls.

Mr. Strauss predicted Mr. Carter would be re-elected next year, but said he might well emerge from next year's Democratic Party convention "between 10 and 18 per cent" behind his Republican challenger in the polls.

Mr. Carter, who has also promised changes in the White House staff — not expected to be major — told reporters his first major priority was to find a new chairman for the Federal Reserve Board, the U.S. Central Bank. The vacancy has been created by Mr. William Miller's appointment as Secretary of the Treasury in place of Mr. Michael Blumenthal.

Mr. Jordan said yesterday he would not act as a barrier between the Cabinet and the President.

Stop worrying about your accounts

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